

Chapter 3

Title and Registration Requirements

Section 3-1

Titles

3-1.1 Authority. Section 235 of the *Michigan Vehicle Code* [MCL 257.235(1)] requires a dealer to have in immediate possession a properly assigned certificate of title, with odometer mileage disclosure information properly completed, for every vehicle acquired by the dealer.

3-1.2 Requirement. A vehicle may not be sold, displayed, or offered for sale in Michigan unless the dealership has a properly assigned title or other ownership document (MCO/MSO) in its immediate possession. This includes vehicles purchased from other states whose laws permit financial institutions to hold the title until the secured interest (lien) is paid and “title-attached” sales. Brokers/auctions use the Broker Fee Agreement to show authorization to hold the vehicle. See Chapter 6, Section 6-10 for more information on broker fee agreements.

If the dealer is the last assignee on the title or other ownership document, and no blank assignment spaces remain, the dealer must obtain a resale title before displaying or selling the vehicle. See Section 3-11 for more information on resale titles.

Note: Odometer mileage disclosure laws require a certificate of title or ownership document be in the immediate possession of the dealer for every vehicle offered for sale.

3-1.3 Title Possession Exceptions. There are four exceptions to the requirement listed in Section 3-1.2 above, as follows:

- a) *Manufacturer’s Certificate/Statement of Origin.* Class A dealers are not required to have a title in possession for a new vehicle having a paper Manufacturer’s Certificate/Statement of Origin (MCO/MSO) or an electronic (paperless) MCO/MSO. However, in the case of a paperless MCO/MSO, the dealer must have an invoice or other paper on file to substantiate ownership.
- b) *Off-Lease Vehicles.* Dealers are permitted to sell off-lease vehicles without a certificate of title in their immediate possession. See Section 3-4 for information on off-lease vehicle transactions.

- c) *Manufacturer's Buy Back Vehicles.* The *Michigan Vehicle Code* does not prohibit a dealer from selling a buy-back vehicle when the manufacturer has acquired ownership under the manufacturer's vehicle buy-back program, and is currently holding the certificate of title. The manufacturer must mail the title to the dealer within 5 business days after receiving a signed statement from the purchaser, acknowledging the purchaser was informed by the dealer the vehicle was bought back under Michigan or other state's laws.
- d) *Agreements with inventory lenders.* A used or secondhand vehicle dealer may voluntarily enter into an agreement with an **inventory lender registered with the Secretary of State** to hold in its possession the certificate of title for a vehicle subject to an inventory loan if the following conditions are met:

(1) The used or secondhand vehicle dealer posts a notice on the used or secondhand vehicle window disclosing the existence of the used or secondhand vehicle dealer's inventory loan for the vehicle. The notice must include the name, address, telephone number, and internet address of the used or secondhand vehicle inventory lender.

The notice must be legible and a size sufficient to alert potential buyers of the existence of an inventory loan. It must list the contact information for the holder of inventory loan and state the inventory lender holds the title to the vehicle in its possession.

(2) The used or secondhand vehicle dealer maintains front and back color copies of the certificate of title, either in paper or electronic form, at the used or secondhand vehicle dealer's place of business. The color copy of the certificate of title must indicate on its face it is a copy. The color copy of the title and a disclosure or notice of the vehicle inventory lender's possession of the title must be presented to the buyer in paper or electronic form at the time of purchase.

(3) The used or secondhand vehicle dealer maintains a paper or electronic copy of the inventory loan agreement along with the inventory list, which cannot be more than 5 days old. These documents must be made immediately available to the Secretary of State upon request.

(4) A used or secondhand vehicle dealer's inventory lender must release the certificate of title to the used or secondhand vehicle dealer or their designee, or the secretary of state, as applicable, not more than two banking business days after receiving one of the following:

- i) The outstanding principal balance and any other fees and charges due on the vehicle under the inventory loan.
- ii) A written request from the used or secondhand vehicle dealer with proof of full payment evidencing the vehicle has been sold to a purchaser.

- iii) A written request from the purchaser and proof of full payment evidencing the purchaser's status as a buyer.
- iv) A written request from the Secretary of State.

Important note:

An "inventory lender" means a third party engaged in the business of providing financing to a used or secondhand vehicle dealer for the acquisition of vehicles held for sale or lease and has filed a financing statement with the Secretary of State evidencing the third party's interest.

A used or secondhand vehicle inventory lender holds a certificate of title must register with the Secretary of State by submitting a vehicle inventory lender registration form (available on the Secretary of State Website) providing its location and contact information. There is no fee for such a registration.

A used or secondhand vehicle inventory lender who fails to release a vehicle title as required by statute can be ordered to pay an administrative fine of \$500 per transaction.

See sections 4-4.5, 7-3, and 7-4.14 for additional requirements for inventory lender transactions.

3-1.4 Proof of Ownership. A proof of ownership may be one of the following:

- a) *Certificate of Title;*
- b) *Salvage Certificate of Title;*
- c) *Scrap Certificate of Title;*
- d) *Garage Keeper's Lien form** (TR-42);
- e) *Notice of Abandoned Vehicle form** (TR-52L);
- f) *Certification of Repossession** (TR-10);
- g) *Manufacturer's Certificate/Statement of Origin (MCO/MSO)*
- h) *Court Order**.
- i) ***A color copy of the certificate of title is acceptable when a used or secondhand vehicle dealer has entered into an agreement with an inventory lender who has registered with the Secretary of State.***

** Note: Requires the dealer to obtain a resale title issued in the dealer's name prior to sale or display of the vehicle.*

3-1.5 Proper Title Assignments. A proper title assignment includes:

- a) Dealer's name and address, printed or typed;

- b) Dealer's license number;
- c) Completed odometer mileage disclosure statement, if applicable;
- d) Signed and printed names of the buyer and seller;
- e) Date of the assignment.

Section 3-2

Wholesale Transactions

3-2.1 Instructions. A wholesale vehicle transaction is one in which a vehicle is transferred from one licensed dealer to another, and the purchasing dealer is buying the vehicle for the purpose of resale. In wholesale transactions, the selling dealer assigns the title to the purchasing dealer, enters the sale information into the Police Book, completes the odometer mileage disclosure, completes separate salvage disclosure, if applicable, and provides copies of signed documents to the purchasing dealer. **All title assignments must be dated.**

3-2.2 Resale Titles. If all assignment spaces on the title are filled, the selling dealer must apply for a resale title before completing the sale. No tax is due. See Sections 3-1 and 3-11 for more information.

Section 3-3

Retail Transactions

3-3.1 Authority. Section 217 of the *Michigan Vehicle Code (MCL 257.217)* requires a dealer to apply for title and registration on the retail purchaser's behalf within 15 days of vehicle delivery. The requirements for completing form RD-108, *Michigan Application for Title and Registration*, are outlined in Chapter 7.

3-3.2 Requirements. The dealer must provide a copy of each document signed, at the time of signing, to the person(s) who signed the document. **This includes the RD-108 and the front and back of the title.** Written mileage disclosure must be made for nonexempt vehicles. See Chapter 4, Section 4-1 for more information.

- a) **Used Vehicles.** The odometer reading for used vehicles must be disclosed in the odometer mileage disclosure of the title assignment. The dealer must properly reassign the certificate of title to the purchaser, provide separate odometer mileage disclosure, if applicable, and must present the purchaser with both the front and back of the certificate of title, for review, prior to the time of sale.
- b) **New Vehicles.** The odometer mileage disclosure reading for new vehicles must be disclosed in the MCO/MSO assignment; or, if the manufacturer participates in the Department's electronic MCO/MSO program for new vehicles, the dealer must disclose the odometer mileage reading on a separate odometer mileage disclosure statement.

3-3.3 Transfer of Interest. When ownership interest in a vehicle transfers from a dealer to a

purchaser, the dealer is required to apply for a title and registration on behalf of the purchaser within 15 days of vehicle delivery. Transfer of ownership occurs when both of the following conditions are met:

- a) The purchaser either completes the assignment on the ownership document, or signs the application for title (RD-108); and,
- b) The purchaser takes delivery of the vehicle.

Note: Section 217 of the Michigan Vehicle Code (MCL 257.217) requires application be made within 15 days of the date of delivery. Failure to comply with this requirement will result in an assessment of late fees, and possible administrative action against the license.

3-3.4 Assigning Security Interest. Dealers must apply for title and registration in accordance with the requirements of the *Michigan Vehicle Code*, regardless of the status of financing. According to the Department of Insurance and Financial Services (DIFS), a finance contract is between the purchaser and the dealer. Typically, the dealer assigns the Motor Vehicle Installment Sales Contract to a finance company and then places a secured interest on the vehicle's title to secure payment.

If the finance company subsequently rejects the loan contract after interest in the vehicle transfers to the purchaser, it becomes the dealer's responsibility to offer financing to the purchaser under the same terms (e.g., interest rate, payment schedule, etc.) as the original finance contract. This may require the purchaser make the payments directly to the dealer. To accept more than two payments toward a vehicle, the dealer must hold an installment seller's license issued by DIFS.

If the secured interest rejects the loan and does not finance the vehicle purchase, the dealer may:

- 1) Obtain the new title from their customer and have a TR-11L correction title processed showing another secured interest. A termination statement or letter from the secured interest listed on the original RD-108 is required. The vehicle owner signs the correction title application.

-Or-

- 2) Use the steps outlined below if the dealer had their purchaser complete a Notice of Assignment of Secured Interest in a Vehicle form (TR-210) at the time they signed the RD-108. Dealers may access this form on the Department's Website. By completing the form, the purchaser authorizes the dealer to assume the loan and finance the vehicle as provided under MCL 257.238 if the initial secured interest listed on the original RD-108 decides not to finance the vehicle.

The following instructions apply:

- a) Have the initial secured interest shown on the RD-108 complete a Notice of Rejection of Vehicle Financing form (TR-209). Secured interest may access this form on the

Department's Website. The completed form is given to the dealer and serves as a termination of secured interest statement.

- b) The dealer submits the following to the Secretary of State office:
 - i) TR-11L correction title application naming the dealer as the new secured interest. The vehicle owner is not required to sign the TR-11L.
 - ii) A copy of the original RD-108 title application.
 - iii) The Notice of Rejection of Vehicle Financing form (TR-209),
 - iv) The Notice of Assignment of Secured Interest in a Vehicle form (TR-210),
(WHICH MUST BE SIGNED BY THE PURCHASER AT THE TIME OF VEHICLE DELIVERY),
 - v) The outstanding title, if available,
 - vi) The \$15 title fee.
- c) Secretary of State offices process a correction title application showing the dealer as the new secured interest. The new title is mailed to the vehicle owner unless the vehicle owner signs a TR-114 Special Mailer authorizing the correction title to be mailed to the dealer.

Note: It is a violation of state law to attempt "repossession" of a vehicle after delivery or to change the terms of the finance contract if a finance company refuses the contract after a spot delivery. An installment seller's license is required to accept more than two payments on a motor vehicle from a customer. Failure to comply with this requirement may result in a violation against the dealer's license. Requests for installment seller's license applications, and questions regarding finance contracts and the laws governing them, may be directed to the DIFS at their toll free number, (877) 999-6442.

Section 3-4

Off-Lease Purchases

3-4.1 Authority. Section 235 of the Michigan Vehicle Code authorizes dealers to sell off-lease vehicles without having the vehicle title in their possession. "Off-lease vehicle" means a motor vehicle leased for a term of more than 30 days which the lessee elects to purchase at the end of the lease term.

3-4.2 Requirements. The *Michigan Vehicle Code* requires the lessor to mail the title to the dealer within 21 days after receiving payment for the purchase price of the vehicle and any other fees and charges due under the terms of the lease. By law, the dealer has 15 days *after receiving the title from the lessor* to apply for title and registration on behalf of the purchaser.

3-4.3 Conducting an Off-Lease Vehicle Transaction. In an effort to assist dealers with compliance, the Michigan Department of State has developed the following steps for dealers

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to follow when selling an off-lease vehicle. The two-stage transaction takes into account both the purchase and delivery dates, and the requirements of the *Michigan Vehicle Code* governing the transfer of vehicle ownership.

a) Stage One – Date of Purchase:

- 1) The lessee, electing to purchase a vehicle he or she has been leasing, generally visits the dealer to arrange for the purchase of the off-lease vehicle. The dealer completes the RD-108 to record the sale information.
- 2) The purchase date is indicated on the RD-108 in the appropriate space on the top left-hand side of the document.
- 3) The dealer records the phrase “Off-Lease Purchase” and the current mileage of the vehicle in the Remarks section of the RD-108.
- 4) The purchaser signs the RD-108 and is given a copy of the RD-108 and all other signed documents.
- 5) The sale information is entered into the Police Book.
- 6) The lessor receives the purchase price and has 21 days to mail the title to the dealer.

b) Stage Two – Date of Delivery:

- 1) When the dealer has received the title from the lessor, the lessee visits the dealer a second time to complete the transaction. The title is properly assigned to the purchaser, including the odometer mileage disclosure statement. The dealer may not sign the title on behalf of the purchaser. See Section 3-8 for more information.
- 2) The dealer enters the delivery date on the RD-108 in the space located under the purchase date on the top left-hand side of the document.
- 3) The dealer enters the current mileage of the vehicle in the designated boxes on the RD-108. The mileage entered on the RD-108’s designated mileage section must match the mileage entered on the title’s odometer mileage disclosure statement, whether actual, not actual, or exceeds mechanical limits of odometer.
- 4) The dealer gives the purchaser a second copy of the RD-108 showing the delivery date and the mileage *at the time of delivery*.
- 5) Unless the lessor owns and retains the license plate on the vehicle, the plate remains with the vehicle and is processed without a plate transfer fee, using the RD-108, into the lessee’s name.
- 6) The dealer has 15 days to apply to the Secretary of State for the purchaser’s title and registration after the title has been received from the lessor. After 15 days the mandated \$15 late fee is assessed.

Section 3-5

Title Assignments

3-5.1 By Seller. The transfer of interest in a vehicle occurs when the owner(s) and purchaser(s) complete and sign the assignment on the ownership document (title, MCO/MSO, etc.) or application for title (RD-108) and the purchaser takes delivery. All owners whose names are shown on the face of the title must sign the title. The seller must complete the odometer mileage disclosure statement on the title before the sale can be finalized, unless the vehicle is exempt from odometer mileage disclosure requirements.

Note: No further reassignments are allowed once all reassignment spaces have been used on Michigan or out-of-state titles. If further reassignment space is needed, a resale title must be obtained. See Chapter 4 for more information.

3-5.2 Errors in Title Reassignments. Dealers cannot erase information, or use correction fluid or correction tape, to correct errors in title reassignments. To properly correct an assignment error, draw a single line through the incorrect information and enter the correct information. Attach a completed form TR-34, *Certification*, explaining the error.

Section 3-6

Odometer Mileage Disclosure Statements

3-6.1 Requirements. Dealers must keep copies of both incoming and outgoing odometer mileage disclosure statements for five years. This includes copies of the both the front and back of titles.

Section 3-7

Disclosure Statements

3-7.1 Disclosure Requirements – Rebuilt Salvage Vehicles. Salvage Vehicle Records Administrative Rule 3 (R 257.253), promulgated under authority of the *Michigan Vehicle Code* requires certain documentation in the sale of a rebuilt salvage vehicle. Before selling a late model salvage vehicle which has been repaired, inspected, and recertified by a certified law enforcement officer, the dealer must certify to the buyer in writing the vehicle was previously “distressed.” See Chapter 5, Section 5-4 for more information.

3-7.2 Disclosure Requirements – New Vehicle Damage. Written disclosure of damage and repairs are required when a new vehicle dealer is selling a new, demonstrator, executive or manufacturer, or program vehicle has been damaged and repaired, and meets the following criteria:

- a) The dealer has knowledge of the damage and repairs to the new vehicle; and,
- b) The cost of the cumulative repairs – calculated at the rate of the dealer’s authorized warranty rate for labor and parts – exceeds *either* of the following threshold criteria:
 - 1) Five percent (5%) of the manufacturer’s suggested retail price (MSRP) of

the vehicle; or,

- 2) Seven hundred fifty dollars (\$750) in surface-coating repairs or corrosion protection restoration, or a combination of these items.

Note: The disclosure must include an itemization of the repairs performed. A disclosure statement is not required for any damage or repair of glass, tires, wheels, bumpers, audio equipment, in-dash components or components contained in the living quarters of a motor home. Disclosure of material facts is always necessary, regardless of the cost or extent of repairs.

3-7.3 Disclosure Requirements – Driver Education Vehicles. As provided by the *Michigan Vehicle Code*, dealers may elect to sell, lease, or loan vehicles to be used for driver education purposes. Disclosure of the vehicle’s use as a driver education vehicle is required.

- a) If the vehicle is sold to a political subdivision of the state (e.g., a school district), an orange title bearing the legend “MUNICIPAL” will be issued in the name of the school district. Check the “Municipal Vehicle” box on the RD-108 when a vehicle is titled into the name of a school district.
- b) If the vehicle is loaned or leased to the school district, no special title will be issued. However, prior ownership by a municipality or school district is a material fact, and must be disclosed to the purchaser in writing. When a driver education vehicle is returned to the dealer after a loan or at the end of a lease, the dealer must disclose to the purchaser in the Remarks section of the RD-108 the car was used as a driver education vehicle.

Section 3-8

Appointment of Agent Forms (Power of Attorney)

3-8.1 Authority. The *Michigan Vehicle Code* requires all purchasers sign certificates of title, RD-108s, and related documents pertaining to the ownership of a vehicle. When a purchaser cannot sign, an agent may be appointed to sign on behalf of the purchaser. Form TR-128, *Appointment of Agent*, is provided for this purpose. Form TR-128 is available at Secretary of State offices, or on the Secretary of State’s Website. The *Appointment of Agent* form is submitted with the title documents.

3-8.2 Prohibition. Michigan’s odometer law (MCL 257.233a) prohibits dealers from signing an odometer mileage disclosure statement on behalf of the purchaser; or, if the dealer is acquiring a vehicle by means of a purchase or trade-in, the dealer cannot sign on behalf of the seller. In summary, the following prohibitions apply:

- a) Dealers, their employees, or their agents cannot use form TR-128, *Appointment of Agent*, to sign in the area reserved for the purchaser’s signature on the certificate of title;
- b) Dealers, their employees, or their agents cannot use form TR-128, *Appointment of Agent*, to sign the purchaser’s signature on a separate odometer mileage disclosure statement;

- c) Dealers, their employees, or their agents cannot use form TR-128, *Appointment of Agent*, to sign on behalf of the seller when a vehicle is being traded in or sold to their dealership.

3-8.3 Use. An *Appointment of Agent* form is used when a purchaser or seller cannot be present at the time of sale. A third party is appointed to sign the transaction documents on behalf of the person who appointed them. This includes making proper odometer mileage disclosures. The appointed agent cannot be the dealer, an employee of the dealer, or an agent of the dealer.

The appointed agent prints the name of the person being represented on the document being signed, followed by the designation “P/A” (or “Power of Attorney”). The agent then signs his/her own name.

Section 3-9

Temporary Registrations

3-9.1 Availability. There are two types of 15-day temporary registrations used by Michigan dealers:

- a) BFS-4 Temporary Registrations, which are used when the dealer applies for a new plate on behalf of the purchaser or when an out-of-state customer purchases a vehicle and Michigan Secretary of State offices are closed; and,
- b) The shaded Vehicle Registration to Transfer Plate area in the left column of the RD-108. This temporary registration is used when a purchaser is transferring a currently valid plate to the newly acquired vehicle.

The BFS-4 Temporary Registrations and RD-108 forms are used only by Class A, B, and D dealers. The BFS-4 temporary registrations are issued through the dealership’s e-Services account.

3-9.2 Authorized Use. A BFS-4 Temporary Registration is issued to a purchaser only when a new plate is purchased, and the dealer delivers the vehicle before the RD-108 is processed at a Secretary of State office, or an out-of-state customer purchases a vehicle when Secretary of State Offices are not open.

A dealer must provide the new plate and new registration to the purchaser before the BFS-4 Temporary Registration expires.

- a) **BFS-4.** The BFS-4 Temporary Registration is issued when a new license plate is being purchased for a motor vehicle, trailer, or trailer coach. The dealer verifies the purchaser has Michigan no-fault insurance before the temporary registration is issued to a Michigan resident or insurance on any vehicle in the purchaser’s name for out-of-state resident purchasers.

Dealers instruct purchasers to retain a copy of the RD-108 in the vehicle as proof the temporary registration issued is valid until they receive a new registration and license plate. The BFS-4 Temporary Registration issued **must match** the BFS-4 Temporary Registration number recorded in the lower right column of the RD-

108.

- b) **RD-108:** The dealer verifies the registration is valid and in the purchaser's name by reviewing proof of registration. The dealer verifies the purchaser has Michigan no-fault insurance before the RD-108 is completed. The license plate transferred must be attached to the new vehicle at the time of delivery. The dealer must ensure the purchaser receives a copy of the RD-108 at the time of signing.

Dealers should instruct purchasers to retain a copy of the RD-108 in the vehicle as their temporary proof of registration until they receive their registration in the mail.

3-9.3 Unauthorized Use of BFS -4 Temporary Registrations. The Michigan Vehicle Code [MCL 257.226a(4)] authorizes the Secretary of State to revoke BFS-4 Temporary Registration privileges, if after investigation it is determined the dealer has misused the forms. A dealer's ability to issue BFS-4 Temporary Registrations through their e-Services account can be limited or revoked indefinitely as a result of improper use. Additional administrative actions may also be taken against the dealer license.

A dealer issuing temporary registrations **cannot** do the following:

- a) Issue more than one per vehicle sale transaction.
- b) Issue when transacting plate transfers or title only transactions.
- c) Issue to a vehicle not sold by the dealer or in the dealer's inventory.
- d) Issue without verifying valid Michigan no-fault insurance.
- e) Allow use of temporary registrations by persons not employed by the dealership.

Section 3-10

30-day In-Transit Registration (Retail Transactions Only)

3-10.1 In-Transit Registration Authority. The *Michigan Vehicle Code* requires a registration to be displayed on all vehicles being driven on Michigan roadways. The 30-day in-transit registration (BFS-50) permits a nonresident to drive a recently purchased vehicle to their home state where it will be titled and registered.

Dealers may issue a BFS-4 Temporary Registration if they deliver a vehicle to an out-of-state purchaser at a time when Secretary of State offices are not open to process an in-transit transaction. They must visit the Secretary of State office on their next business day and then express mail the in-transit transaction documents to their purchaser.

The 30-day in-transit registration also serves as a tax document for the other state. To ensure proper collection and remittance of sales tax, the selling dealer is required to apply for the in-transit registration, regardless if the purchaser is driving the vehicle or is towing or otherwise transporting the vehicle (e.g., on a truck or trailer) to their home state.

3-10.2 Export Sales. If a vehicle is delivered by the dealer to an out-of-state destination, it may qualify as a tax-exempt export sale. For details, see Chapter 8, Section 8-4. A 30-day in-transit registration cannot be issued for an export sale.

3-10.3 Proof of Insurance. Proof of vehicle insurance is required for all in-transit registrations. This can be insurance for any vehicle in the purchaser's name.

3-10.4 Out-of-state Address. An out-of-state address showing where the vehicle will be titled and registered is required on the RD-108. Since no Michigan title will be issued, a secured interest will not be recorded in Michigan. Dealers indicate the secured interest on the RD-108, so it can be recorded by the purchaser's home state when the purchaser titles the vehicle.

3-10.5 Instructions. Use the following steps to obtain an in-transit registration:

- a) Complete an RD-108 as follows:
 - 1) In the space provided for the plate number, enter "NO TITLE – IN-TRANSIT."
 - 2) Enter the complete out-of-state address.
 - 3) Enter the state and title number of the assigned title and the statement "To be Titled and Registered in (State) " in the Remarks section (see Chapter 8 for sales tax information). Example:

REMARKS:

Michigan Title #226C450081

To be titled and registered in Texas

- b) Enter the 30-day in-transit registration fee of \$10 in the license fee box. Submit the properly assigned ownership document (title, MCO, etc.). The Secretary of

State office will return the ownership document to the dealer with the 30-day in-transit registration.

- c) Give the reassigned title and the in-transit registration to the purchaser. Instruct the purchaser to display the in-transit registration in the rear window of the vehicle. If there is no rear window, display it in any location where it can be easily seen by law enforcement.

3-10.6 Lost Ownership Documents. The in-transit registration application creates a record with the Department of State to show the transfer to an out-of-state resident. With this record in place, the Michigan Department of State may assist with replacing the title or other ownership document if it is lost before the purchaser has titled and registered the vehicle in his/her home state.

The dealer would need to submit the following to the branch office to apply for a resale title to replace a lost title:

1. An RD-108 in the dealer's name requesting a resale title
2. A copy of the RD-108 requesting the in-transit permit
3. A copy of the title that was assigned to the purchaser
4. A certification statement explaining what happened
5. \$15 for the resale title (\$20 if requesting an instant title)

Section 3-11

Resale Titles

3-11.1 Requirements. Licensed Michigan vehicle dealers apply for a resale title when:

- a) All assignments are used on a Michigan title, out-of-state title, or foreign certificate of ownership, and further reassignments are needed.
- b) The ownership document is either a court order; form TR-42, *Garage Keeper's Lien*; form TR-52L, *Notice of Abandoned Vehicle*; or another type of bill of sale (vehicle acquired at a tax sale, auction of government vehicles, etc.).
- c) A late model distressed vehicle is not yet titled as salvage or scrap. The dealer must apply for a resale salvage title **within five days after acquiring the vehicle**. See Chapter 5 for more information on distressed vehicles.
- d) The previous owner of the acquired vehicle is deceased. The dealer submits a death certificate and form TR-29, *Certification from the Heir to a Vehicle*, with the RD-108. The Secretary of State office will record information from the death certificate and return it to the dealer. The dealer then returns the death certificate to the family. See Section 3-19 for more information.
- e) Vehicle information on the certificate of title (year, make, VIN, body style, etc.)

is being corrected. The dealer submits form TR-54, *Vehicle Number and On-Road Equipment Inspection*, with Part 1 completed by law enforcement.

3-11.2 Prohibition. Out-Of-State and Foreign Dealers

- a) Michigan resale titles are only issued to vehicle dealers properly licensed in Michigan. A Michigan title cannot be issued to a dealer not licensed in Michigan. This includes out-of-state and foreign dealers seeking to import a vehicle using power of attorney documents issued by vehicle importers.
- b) Canadian dealers exporting vehicles to Michigan, or a non-Michigan licensed dealer from another state seeking to import a vehicle to be sold through a Michigan auction must use the vehicle's Canadian ownership document, Customs' CBP 7501 Entry Summary form, and the registered importer's odometer mileage disclosure conversion document to transfer ownership through the auction.
- c) Michigan resale title may be obtained by a Michigan licensed dealer using the Canadian ownership documents assigned to the dealer by the vehicle owner, Custom's CBP 7501 form, and the registered importer's odometer conversion document.
- d) An out-of-state dealer not licensed in Michigan is not eligible to apply for a Michigan resale title for a vehicle purchased at a Michigan auction.

3-11.3 Application. To apply for a resale title:

- a) Complete an RD-108 naming the dealership as both buyer and seller. In the area where the plate number is shown, enter "TITLE ONLY." In the Remarks section, enter "Tax Exempt – For Resale." Be sure the odometer information is complete and correct and the proper fee category is entered in the fee category space.
- b) Submit the RD-108 with the reassigned title to a Secretary of State office with the title fee. Sales tax is not due.

3-11.4 Legend. The following legend appears on all resale titles:

NOT ELIGIBLE FOR PLATES – NO TAX PAID

This means the vehicle is not eligible for registration plates until the vehicle has been sold to a retail purchaser.

Section 3-12

Lost Titles

3-12.1 Authority. Section 217 of the *Michigan Vehicle Code (MCL 257.217)* provides for the replacement of titles that have not been transferred by the Department into a Michigan vehicle dealer's name (e.g., reassigned titles). The *Michigan Vehicle Code* provides two

different methods for replacing a lost title, depending on the age and value of the vehicle.

Note: Forms for applying for lost titles may be obtained by accessing the Michigan Secretary of State Website at www.Michigan.gov/sos or by visiting a Secretary of State office.

3-12.2 Surety Bond. If the vehicle is less than ten model years old or exceeds \$2,500 in value, the Department will require a surety bond in order to issue a replacement title. This indemnifies the State against outstanding claims of interest in the vehicle. The dealer will need to submit the following documents to a Secretary of State office:

- a) Form RD-108, completed for a resale title (see Section 3-11).
- b) Form TR-205, *Ownership Certification*, completed by the dealer.
- c) Form TR-54, *Vehicle Number and On-Road Equipment Inspection*, with Part 1 completed by a law enforcement officer.
- d) Form BDVR-108, *Odometer Mileage Statement*, completed by the dealer.
- e) *Agent's Authority*, available from a bonding agency. This document is usually a power of attorney from the parent company. It shows the company's restrictions for issuing bonds.
- f) Form TR-121, *Uniform Surety Bond*, completed by the bonding company. The bond coverage period must be three years and the face amount of the bond must be for twice the value of the vehicle, as determined by the Department of State.

Note: The Department of State will generally accept a bonding company's statement of the vehicle's value. However, under Section 257.217 of the Michigan Vehicle Code, the Department reserves the right to determine the face amount of the bond if it is deemed to be insufficient.

3-12.3 Self-certification of Ownership. If the vehicle is ten or more model years old and worth \$2,500 or less, a dealer may self-certify ownership of the vehicle without posting a surety bond. The dealer applies for a resale title by submitting the following forms to a Secretary of State office:

- a) Form RD-108, completed for a resale title (see Section 3-11).
- b) Form TR-205, *Ownership Certification*, completed by the dealer.
- c) Form TR-54, *Vehicle Number and On-Road Equipment Inspection*, with Part 1 completed by a law enforcement officer.
- d) Form BDVR-108, *Odometer Mileage Statement*, completed by the dealer.

Note: The vehicle must meet both the age and the value criteria to be eligible for self-certification. Failure to meet both criteria requires a surety bond be posted.

3-12.4 Out-of-state Dealers. There is no provision in the *Michigan Vehicle Code* for replacing a reassigned title lost by an out-of-state vehicle dealer. Out-of-state dealers must contact the titling authority in their state of licensure to inquire about appropriate steps or seek

remedy through a court of jurisdiction.

Section 3-13

Trade-In Vehicle

Sometimes a customer with a trade-in vehicle cannot find its title. A title is required before the transaction can be completed, and it may be necessary to apply for a duplicate title. There are several ways to accomplish this:

- a) The vehicle owner can apply for a duplicate title and reassign it to the dealer.
- b) The dealer can assist a customer in applying for a duplicate instant title. Form TR-128, *Appointment of Agent*, completed by the owner showing the individual who will be picking the title up at a Secretary of State office.
- c) Under certain conditions, the owner and the dealer can process a duplicate/transfer title transaction. This service allows eligible owners to process a duplicate title application in which no title will be printed, followed immediately by processing a transfer title application into the new owner's (dealer's) name. The following steps are used:
 - 1) The owner and a representative of the dealer go together to a Secretary of State office to apply for the duplicate/transfer service.
 - 2) The dealer must bring an RD-108, completed for a resale title, for this step of the transaction. The title fee is due for both transactions.

Section 3-14

Rescinded (Cancelled) Deals

3-14.1 Instructions. If a dealer cancels or rescinds a vehicle sale (buys the vehicle back) after applying for a purchaser's title and registration, the dealer may claim a credit of the sales tax with the Michigan Department of Treasury, under certain conditions. (Sales tax submitted to the Secretary of State with vehicle sales transaction paperwork is remitted to the Michigan Department of Treasury.)

The dealer may also apply for a refund of the registration fee from the Michigan Department of State if the vehicle was *not* delivered and the plate or tab was not used on the vehicle. If the vehicle was delivered but the registration plate was not used, the purchaser (not the dealer) may apply for a refund of the registration fee.

Note: When a vehicle sale is rescinded (vehicle not delivered), the dealer refunds sales tax and registration fees to the customer.

3-14.2 Sales Tax Credit. To qualify for a credit of paid sales tax, the dealer must meet the requirements established by the Michigan Department of Treasury. Questions regarding eligibility for a sales tax credit may be directed to the Department of Treasury at **(517) 636-4230**. The steps are as follows:

- a) The customer assigns the title back to the dealership;

- b) The dealer requests a sales tax credit on behalf of the customer – in writing – on dealership letterhead. This request is submitted to the Michigan Department of Treasury at the following address:

Michigan Department of Treasury
Sales, Use and Withholding Taxes
P.O. Box 30442
Lansing, MI 48909

Further information for filing a sales tax credit can be obtained by calling the Michigan Department of Treasury at (517) 636-4230.

- c) The dealer may sell the vehicle again by reassigning the title. A resale title is not required.

Note: Rescinding a deal cancels the sale, but does not change the title record. When a new vehicle has been titled and registered in the purchaser's name following a vehicle sales transaction, the vehicle is considered "used." It cannot thereafter be represented as a "new" vehicle to a potential buyer. See Section 3-20.

3-14.3 Registration Fee Refund. To qualify for a registration fee refund, the sale must have been canceled before the vehicle was delivered or, if delivered, before the new license plate or tab was used on the vehicle. There is no refund of the title fee.

- a) **Nondelivery of Vehicle.** If the vehicle was not delivered, the dealer may apply for a refund of the registration fee for the customer, as follows:

- 1) Complete and submit form A-226 *Michigan Department of State Refund Request Form*;
- 2) Submit a copy of the RD-108;
- 3) Submit the unused registration plate and tab;
- 4) Mail all documents and plate/tab to the following address:

Michigan Department of State
Office of Financial Services
Expenditure Unit
Lansing, MI 48918-1422

If approved, the Office of Financial Services will mail the registration fee refund to the dealership to deliver to the purchasing customer.

Section 3-15 **Expeditious Title Service**

Expeditious title service is offered at all Secretary of State offices for mobile home titles. A \$5 fee (in addition to all other fees) is charged for expeditious service. Expeditious title service ensures if a problem occurs with processing, the application will receive priority

attention from Department of State staff in Lansing.

Section 3-16

Instant Titles (While-You-Wait Service)

3-16.1 Locations. Same-day (while-you-wait) title service is provided at all Secretary of State offices throughout Michigan.

3-16.2 Eligible Transactions. Instant title service is available for used vehicles with a Michigan title, duplicate Michigan titles, and Michigan resale titles. Instant title service is not available for out-of-state titles, original salvage title applications, scrap title applications, or mobile home titles.

3-16.3 Instant Title Check List. Before traveling to a Secretary of State office for instant title service, a dealer reviews the following steps for correct and necessary documentation:

- a) Make sure the transaction is eligible for while-you-wait service;
- b) Be sure the dealer's agent has proper identification. Identification is required for every instant title transaction. A Michigan driver license or personal identification card is acceptable, or the same documents required for an original driver license;
- c) Appointment of agent form, if for a duplicate title transaction for a customer;
- d) Be sure to take all documents needed to complete the transaction. This includes, but is not limited to: proof of ownership; legal papers; form TR-54, *Vehicle Number and On-Road Equipment Inspection*; form TR-114, *Special Mailing of Certificate of Title*; form TR-34, *Certification*; etc.

Note: Dealers may obtain information about instant title service on the Department's Website (www.Michigan.gov/sos). Dealers may also contact the Department of State Information Center at 1-888-SOS MICH (1-888-767-6424) with any questions about whether instant title service is available for a particular transaction.

Section 3-17

Driver Education Vehicles

3-17.1 Requirements. Some dealers provide vehicles to secondary schools for driver education programs. If these vehicles are simply loaned to the school district, there are no special titling requirements. If the vehicles are sold or leased to the school, there are two options for titling:

- a) Title the vehicle in the name of the school district; or,
- b) Title the vehicle in the name of the dealership or the dealer's leasing company.

The dealer enters “municipal” in the body style box of the RD-108 and checks the “Government Vehicle” box.

3-17.2 Sales Tax. Sales tax is not collected. The dealer enters “Tax Exempt – Driver Education Vehicle” in the Remarks section on the RD-108.

3-17.3 License Plates. Plates may be purchased and provided by the dealer or the school district may use its own municipal “X” plates.

Note: When a driver education vehicle is returned to the dealer after a lease or a loan, the dealer must disclose in writing to the retail purchaser the vehicle was used as a driver education vehicle. See Section 3-7. If the vehicle was sold to the school district, a “municipal” brand will appear on the title.

Section 3-18

Selling a Motor Vehicle to a Minor

3-18.1 Authority. An unemancipated minor is a person under age 18 whose actions are the responsibility of the minor’s parents or legal guardian. It is unlawful to knowingly sell a motor vehicle to an unemancipated minor without written permission from a parent or legal guardian.

3-18.2 Instructions. The dealer obtains permission from the parent(s) or legal guardian(s) of the unemancipated minor by using form B-32, *Parental Consent to Sell a Vehicle to a Minor*, available from Secretary of State offices or the Secretary of State Website. Dealers keep the completed form in the dealership records with the transaction documents. Form B-32 is not presented to the Secretary of State office. Secretary of State office staff will not check the age of vehicle owners or verify parental permission.

Section 3-19

Acquiring a Vehicle – Previous Owner Deceased

If a dealer acquires a vehicle and the owner named on the face of the title is deceased, certain steps are required before purchasing the vehicle:

- a) If the title is in two names with “Full Rights to Survivor” showing, the surviving owner may assign the title to the dealer and submit a copy of the death certificate.
- b) If the title does not read “Full Rights to Survivor” or the title is in only one name, one of the following will be necessary to transfer the interest of the vehicle from the seller to the dealer:
 - 1) If the deceased’s estate is being probated, the Probate Court appoints a Personal Representative to handle the estate. The Personal Representative assigns the deceased’s title to the dealership, and provides a copy of their Letter of Authority from the court.

- 2) If the estate is not probated, the surviving spouse may assign the title to the dealership using form TR-29, *Certification from the Heir to a Vehicle*, and a copy of the death certificate.
- 3) If there is no surviving spouse, the next closest relative may assign the title to the dealership using form TR-29, *Certification from the Heir to a Vehicle*, and a copy of the deceased's death certificate.

In each of these situations, the dealer must obtain a resale title before selling the vehicle. The dealer attaches the required documents (death certificate, TR-29 *Certification from the Heir to a Vehicle* form, and Letter of Authority) to the resale RD-108, and submits the documents to a Secretary of State office.

Section 3-20

Wrong Title or MCO with an RD-108

3-20.1 Instructions. If a dealer submits the wrong MCO or title with an RD-108, the dealer must do the following:

- a) The dealer must retrieve the incorrect title from the purchaser. The new title showing the incorrect VIN will be mailed to the purchaser named on the application. The transaction cannot be intercepted in Lansing.
- b) To correct the error, two RD-108s must be completed – one for a resale title and one to correct the purchaser's title.

3-20.2 Used Vehicle Titled in Error. If a used vehicle is titled in error with an incorrect VIN, the dealer submits the following documents to a Secretary of State office:

- a) Part One – Obtaining the Correct Resale Title:
 - 1) A copy of the RD-108L, showing the incorrect VIN.
 - 2) The incorrect title. Do not reassign it. A secured interest on the title is not required to be terminated as long as it is carried over to the corrected application.
 - 3) Form TR-34, *Certification*, explaining the error. Include year, make, model, and VIN descriptions of both vehicles in the statement.
 - 4) An RD-108 resale title application naming the dealer as owner.
 - 5) The title fee.
- b) Part Two – Applying for a Corrected Title for the Purchaser:
 - 1) The properly assigned title and a copy of the previous (incorrect) RD-108.
 - 2) A corrected RD-108 in the purchaser's name. Note in the Remarks section of the RD-108 it is a correction transaction to correct the VIN.
 - 3) The appropriate title fee. The tax is carried over from the previous RD-108. Note this in the Remarks section also.

3-20.3 New Vehicle Titled in Error. If a new vehicle is titled in error with an incorrect VIN, the dealer may either apply for a resale title using the above instructions or may request the incorrect title record be deleted.

3-20.4 Record Deletion. By deleting the record, the vehicle may be sold as new. The following steps are used:

- a) Part One – Requesting a VIN Deletion:
 - 1) The dealer prepares a request on dealership letterhead asking the incorrect title be deleted from Michigan Department of State records. The dealer indicates in the request the error was due to a wrong VIN on the RD-108.
 - 2) The dealer submits the request letter, the incorrect title, and a photocopy of the purchaser's corrected RD-108 (showing the correct VIN) to a Secretary of State office. The office will forward the request to the Bureau of Driver and Vehicle Programs in Lansing.
 - 3) If the dealer's request is approved, the incorrect title record will be deleted within 2-4 days of the Department's receipt of the request. Once the title record is deleted, the dealer may sell the vehicle as new.

Note: If the vehicle manufacturer does not participate in the Department's paperless MCOMSO program, the dealer must to obtain a duplicate MCO/MSO from the manufacturer.

- a) Part Two – Applying for a Corrected Title for the Purchaser:

To obtain a correct vehicle title, the dealer submits the following to a Secretary of State office:

- 1) The properly assigned MCO/MSO or title, along with a copy of the previous (incorrect) RD-108.
- 2) A corrected RD-108 in the purchaser's name. Note in the Remarks section of the RD-108 it is a correction transaction to correct the VIN. The dealer carries the sales tax over from the previous RD-108 by noting it in the Remarks section of the corrected RD-108.
- 3) The title fee.

Section 3-21

Demonstrator Vehicle – Class A Dealers Only

3-21.1 Authority. Michigan law requires sales tax to be paid on vehicles titled and registered for use on Michigan roadways, unless the vehicle is tax exempt. A demonstrator is a motor vehicle used for testing and demonstrating purposes and titled as a demonstrator for tax exemption purposes. The Michigan Department of Treasury limits the number of tax-exempt demonstrators a dealer may title in one year.

Note: New vehicles owned by new vehicle dealers are eligible for titling as a tax-exempt demonstrator. Used or secondhand vehicles cannot be titled as a demonstrator.

3-21.2 Titling a Demonstrator Vehicle. The following steps are used:

- a) Submit a completed RD-108 with the “New” vehicle box checked (the “Demo” box is used when the demonstrator vehicle is sold at a later date). Enter “TAX EXEMPT – DEMONSTRATOR” in the Remarks section;
- b) Complete form 137, *Affidavit to License and Title a Demonstrator*, available from printing companies or dealer associations. Dealers may also produce the form;
- c) Since a dealer plate can be used on a demonstrator vehicle, a license plate does not have to be purchased or transferred when titling a demonstrator vehicle.

Section 3-22**Courtesy Deliveries**

3-22.1 Authority. The *Michigan Vehicle Code* requires any person or business dealing in new vehicles be properly licensed as a Class A dealer. When a Michigan dealer delivers a new vehicle to a Michigan resident, but on behalf of another dealer, it is called a “courtesy delivery.”

3-22.2 Requirements. The dealer making the delivery is not the seller of the vehicle and does not enter the vehicle in the delivering dealer’s records. The delivering dealer does not use their RD-108 to record the vehicle sale and does not reassign the MCO/MSO or title. The delivering dealer must be properly licensed and franchised to deal in the make of vehicle being delivered. See Chapter 1, for more information.

3-22.3 Instructions. When making a courtesy delivery, use the following steps:

- a) If the initial sale was made by a Michigan dealer, the delivering dealer uses the selling dealer’s RD-108, signed by the purchaser. Applicable sales tax is due or must be accounted for.
 - 1) Enter “Courtesy Delivery by (delivering dealer name and dealer number)” in the Remarks section of the RD-108.
 - 2) The RD-108 is submitted to the Secretary of State office of the delivering dealer’s choice **within 15 days of vehicle delivery.**

Note: If the purchaser is transferring a plate to the new vehicle, the delivering dealer fills out an RD-108 with the transfer information. The RD-108 is not submitted to or validated by a Secretary of State office. The delivering dealer gives a copy of the RD-108 to the purchaser to serve as the temporary registration for the transferred plate.

- b) If the initial sale was made by an out-of-state dealer, the delivering dealer uses form TR-11L, *Application for Michigan Vehicle Title*, signed by the purchaser. Applicable sales tax is due or must be accounted for.

- 1) Enter the purchase date in the appropriate area of the TR-11L. Enter the

date of vehicle delivery underneath the purchase date.

- 2) Enter the selling dealer's name and address in the "Seller's Name and Address" box on the TR-11L. Under this, enter "Courtesy Delivery by (delivering dealer name and dealer number)." Example:

Opryland Chevrolet
1515 Country-Western Drive
Nashville, TN 00000

Courtesy Delivery
Michigan Chevy-Pontiac, License No. A000001

- 3) The TR-11L is submitted to a Secretary of State office of the delivering dealer's choice **within 15 days of vehicle delivery**.

Section 3-23

Canadian or Other Imported Vehicles

3.23.1 Authority. Federal law requires all vehicles entering the United States from another country for resale to be imported through a registered importer. A registered importer is a business authorized by the United States Department of Transportation to handle the legalities of importing vehicles into the United States. On behalf of the vehicle owner, the registered importer ensures the vehicle has proper ownership documents and meets all EPA and DOT standards. The importer also inspects the VIN, converts the odometer from kilometers to miles, and ensures custom duties are paid, if applicable.

3.23.2 Requirement. When vehicles are imported into the United States from other countries, including Canada, additional documents must be presented to the Secretary of State office with the application for title. Failure to provide proper documentation may result in the Secretary of State office rejecting the application.

- a) **Foreign Ownership Document.** The foreign ownership document must be properly assigned to the buyer, and must include the following information:
 - 1) The date of purchase;
 - 2) The odometer reading in kilometers or miles when sold to the Michigan dealer;
 - 3) The names, addresses and signatures of both the seller and the buyer.
- b) **U.S. Customs Form 7501 (CBP-7501).** This form is required by U.S. Customs for all vehicles entering the United States. The form verifies the vehicle entered the U.S. properly, identifies the port of entry, and declares whether duty is due. It must be stamped by the U.S. Customs office at the port of entry, which verifies they processed the form. Forms submitted to the Secretary of State without this stamp will be denied.
- c) **Vehicle Number and On-Road Equipment Inspection Form (TR-54).** The

Department will only title vehicles imported for resale by a Michigan dealer, or for private use by Michigan citizens. CBP-7501 indicates the port through which the vehicle entered the United States. Michigan port codes begin with the number 38 (e.g., 3801 is Detroit and 3802 is Port Huron).

If the port code does not begin with 38, form TR-54 must be completed by a Michigan law enforcement officer to verify the vehicle is physically located in Michigan. It must be submitted to the Secretary of State office with the application for resale title.

- d) **U.S. Department of Transportation Forms.** To certify compliance with federal motor vehicle standards, the following forms are submitted to the Secretary of State office:
 - 1) HS Form 7, completed by the registered importer;
 - 2) A statement of compliance or a waiver from the US DOT.
 - e) **U.S. Environmental Protection Agency Forms.** To certify compliance with federal environmental standards, the following forms are submitted to the Secretary of State office:
 - 1) Form 3520-1, completed by the registered importer;
 - 2) A statement of compliance or a waiver from the EPA.
- Note: DOT and EPA forms are required only when importing “grey market” vehicles were not manufactured to meet U.S. import standards.*
- f) **Odometer Conversion Paperwork:** The registered importer converts the vehicle’s odometer from kilometers to miles, and provides the buyer with an affidavit to describe the odometer conversion. This affidavit will be necessary when titling the vehicle. See Chapter 4, for more information.