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## **Titles, Insurance, Registrations, and License Plates**

Vehicles are required to be titled, registered, insured, and display a valid license plate to operate on Michigan roadways. The Department of State provides a variety of ways Michigan motorists may easily complete these requirements. In this chapter, you will find information on how to register and keep your motor vehicle legal.

### **Title Certificates**

A title is a legal document that shows who owns certain property. In Michigan, motor vehicles, trailer coaches, trailers weighing 2,500 pounds or more empty, off-road vehicles, pickup campers, mobile homes, and watercraft 20 feet and over or with a permanently affixed engine must be titled.

### **New Residents**

New Michigan residents must *immediately* title and register their vehicles at a Secretary of State office and turn in the titles or other proofs of ownership from their previous home state. “Resident” means every person who resides in this state and establishes that he or she is legally present in the United States.

### **Buying a Vehicle in Another State**

If your vehicle was purchased in another state, submit the assigned title or proof of ownership when applying for Michigan title and registration. Tax will be due on either the purchase price or the retail value of the vehicle, whichever is greater. However, credit may be given for taxes paid in another state.

### **Buying a Vehicle from a Dealer**

When you buy a new or used vehicle from a licensed Michigan dealer, the dealer provides all forms and ownership documents, collects the fees and taxes, files the title application with a Secretary of State office within 15 days from the date of

delivery, purchases or transfers the license plate, and provides copies of all paperwork.

By law, the dealer must immediately provide a copy of each document you sign at the time of signing. Never sign any blank documents or sign a document without reading it carefully.

## **Buying a Vehicle from an Individual**

When buying a vehicle titled in Michigan from an individual, all owners named on the face of the title must sign the title assignment as sellers. The title assignment must show the name and address of the purchasers, the name and address of the sellers, the date of sale, the current mileage reading, and the selling price. The seller must either keep a photocopy of the reassigned title or a bill of sale (record of sale) with the buyer's name, address, driver's license number, purchase price, date of sale, and buyer's signature as proof that ownership of the vehicle changed.

The title transfer must be filed with the Department of State within 15 days from the date of the sale to avoid a late fee. If the title shows there was a lien (loan) on the vehicle, you need to get a discharge of lien from the lending institution shown on the title. Submit the discharge form with the title.

By law, you may drive an unregistered vehicle to the first place of storage (usually home) within three days of purchase. You must carry the properly assigned title and use the most direct route.

## **Tax Liability**

Although the Department of State collects use tax when the title is transferred, the final determination of the tax owed on vehicle transfers is made by the Michigan Department of Treasury.

Use tax is due on the purchase price or the retail value of the vehicle, whichever is greater.

If the Department of Treasury determines the tax liability differs from the amount collected with the title transfer, you must pay the difference plus interest. Additional penalties, including criminal prosecution, may apply.

## Use Tax Exemption for a Relative

Michigan law grants an exemption from use tax when the buyer and seller have a qualifying relationship limited to spouse; mother, stepmother; father, stepfather; brother, stepbrother; sister, stepsister; child, adopted child and stepchild; grandparent; grandchild; legal ward; and legally-appointed guardian with a certified letter of guardianship.

## Relationships that Do Not Qualify for a Tax Exemption

Relationships that do not qualify for a tax exemption include all in-laws (for example: father-in-law, mother-in-law, son-in-law, daughter-in-law, sister-in-law, brother-in-law), aunts, uncles, cousins, nieces, nephews, step-grandparents, step-grandchildren, former spouses, and common-law relationships unless the common-law marriage took place before Jan. 1, 1957.

## Supporting Your Claim

Anyone claiming a use tax exemption based on a family relationship may be requested by the Michigan Department of Treasury to produce documents supporting the claim. Documents supporting your claim must show the relationship of the new owner to the previous owner.

It is not the responsibility of Secretary of State offices to verify claims, so you do not need to have supporting documents with you when you transfer the title. For additional tax exemption information please contact the Michigan Department of Treasury at (517) 636-4730.

## Odometer Statement

Under federal and state law, the mileage for most motor vehicles must be recorded when assigning a title. Vehicles 10 years old or older are exempt. The seller enters the mileage reading in the indicated area of the title assignment and states whether the mileage is actual, not actual, or whether the odometer has rolled over.

Buyers should compare the declared mileage with the mileage shown on the odometer.

## Selling a Vehicle

Complete the seller's portions of the title assignment by entering the vehicle mileage, the buyer's name and address, date, and selling price. If more than one owner is named on the front of the title, each person must sign his or her full name as seller. Have the buyer enter his or her name, address, and signature in the buyer's portion of the title assignment. Alterations on a title void it. Give the buyer the release form if a lien (loan) is shown on the title.

Under Michigan's Abandoned Vehicle Law, you are required to either accompany the buyer to a Secretary of State office to complete the title transfer or maintain a record of the sale for not less than 18 months. The record of sale, which serves as proof that the vehicle ownership has changed, can be a photocopy of the reassigned title, a bill of sale or other document with the buyer's name, address, driver's license number, and signature as well as the purchase price and date of sale.

Maintaining a record of sale for any vehicle you sell ensures you will not be held liable if it is ever abandoned.

Keep the license plate. You may be able to transfer it to your next vehicle. Never leave the license plate on the vehicle or let the buyer use it. If you are selling the vehicle to a family member, the plate can be transferred with the vehicle to the new owner. Contact your insurance company to cancel coverage on the sold vehicle.

## Insurance Required

Owners of passenger vehicles and trucks must purchase Michigan no-fault insurance before registering the vehicle. Motorcycles must also be insured, but are not required to carry no-fault insurance. Out-of-state insurance policies cannot be used to meet Michigan insurance requirements for registering a vehicle. The Department of State will not issue or renew the vehicle's license plate if you do not have proof of insurance.

Keep proof of insurance in your vehicle or carry it with you whenever you drive. Under the Driver Responsibility Law, you will be ticketed for no proof of insurance if you cannot produce your insurance certificate when asked by a law enforcement officer. The court may dismiss the citation if you can prove

before the appearance date that your vehicle was properly insured at the time you were ticketed.

If a false certificate of insurance is shown to a law enforcement officer, the plate will be canceled and you may be sentenced up to one year in jail and fined up to \$1,000.

## Registration

All motor vehicles and trailers used on Michigan roads must be registered and display valid license plates. To register a motor vehicle, provide proof of Michigan no-fault insurance and either the previous registration or proof of ownership.

When renewing a license plate, you will receive a new registration certificate. Keep the registration with you or in your vehicle. You will be asked to show the registration and proof of insurance if stopped by a law enforcement officer. **If the vehicle is used commercially, sign the registration in the space provided.**

Your license plate, including a personalized plate, for your automobile, motor home, pickup, motorcycle, or van expires on your birthday.

Trailers and trailer coaches are issued a permanent, nontransferable trailer plate based on the unit's weight.

You also have the option to buy a Recreation Passport when purchasing or renewing a vehicle registration. A Recreation Passport gives you access to all state parks and state-owned public boat sites.

The Passport costs \$10 for vehicles and \$5 for motorcycles. You will be issued a special tab with a "P" on it and a new registration with the words "Recreation Passport" as proof of purchase. There is no separate state park sticker. Your Recreation Passport expires when your vehicle registration expires and may be renewed each year.

## Low-Speed Vehicles

A valid driver's license is required to operate a low-speed vehicle. A low-speed vehicle is a four-wheel motor vehicle whose maximum speed is at least 20 mph but not more than 25 mph. They are subject to regular titling and registration requirements, and all traffic laws. They may be operated on public roads having a speed limit of 35 mph or less and are allowed to cross roads with higher speed limits.

## License Plate Renewal Forms

### Providing Proof of Insurance

If your insurance company has electronically verified your vehicle insurance coverage with the Department of State, you will find either a nine-digit personal identification number (PIN) or the phrase “insurance verified electronically” in the lower-left corner of your registration renewal notice. Proof of insurance is not required for renewals with a PIN or “insurance verified electronically.”

If the insurance coverage on your vehicle could not be verified, your renewal notice will have the phrase “Proof of insurance required” in the lower-left corner. You may renew by mail or at a branch office by providing proof of insurance and your registration renewal notice.

### Renewing Online or at a Self-Service Station

You can renew online at **www.ExpressSOS.com** or at a Self-Service Station if your renewal notice has a PIN or the phrase “insurance verified electronically” on it. Visit the Branch Office Locator at the Department of State website for a list of Self-Service Station locations.

To renew online or at a Self-Service Station, follow the easy instructions in your renewal notice. You can also submit a change of address when renewing online. For any other changes, please visit a Secretary of State office to renew.

Payment is by Discover, Visa, or MasterCard. A nominal processing fee may be charged. If renewing online, your new registration and tab will be mailed within 14 business days to the address on file with the department. If renewing at a Self-Service Station, your new registration and tab are issued immediately.

### Renewing by Mail

Renewing by mail is a convenient way to renew. You should receive a license plate renewal notice in the mail about 45 days before your license plate expires. Please make sure all information is correct. Indicate address changes on the renewal notice. In the envelope provided, return your renewal notice, payment, and proof of Michigan no-fault insurance (if your

renewal notice does not contain a PIN or the phrase “insurance verified electronically”). Payment is by check, money order, or Discover, Visa, or MasterCard. A nominal processing fee may be charged.

If you did not receive a license plate renewal notice, you may still renew at a Secretary of State office with your current registration and proof of insurance. All branch offices accept cash, checks, and money orders as well as Discover and MasterCard at the counter – a nominal processing fee is charged for credit card use.

If you no longer own the vehicle or plate, destroy the renewal notice.

## **License Plates Stay with the Owner**

When you buy a license plate for your vehicle, the plate stays in your name. If you sell the vehicle, keep your license plate and registration. However, if you sell the vehicle to a family member, the plate can be transferred with the vehicle to the new owner.

After selling a vehicle, you may also transfer its plate to another vehicle you own. You will need to visit a Secretary of State office to complete the plate transfer.

Permanent trailer plates cannot be transferred to another trailer.

## **Personalized License Plates**

Personalized license plates are available in the standard white, Spectacular Peninsulas, veteran and military service, university, patriotic, and special cause versions. The Department of State’s online *Plate It Your Way* program allows you to check the availability of a personalized plate before going to a branch office to order it. *Plate It Your Way* saves you time and makes it easy to design the personalized plate you want. Personalized plates cannot be ordered online; they must be ordered in person at a branch office. Personalized plates may be renewed each year for the annual registration fee plus a yearly service fee, which is used for litter cleanup along state roads.

## **Specialty and Fundraising License Plates**

The Department of State offers a variety of license plate styles. Choices include the standard white plate, Spectacular

Peninsulas plate, and several plates recognizing veterans, ex-prisoners of war, and members of the National Guard and Military Reserve.

The Department of State also offers fundraising license plates to raise money for the Northern Michigan Olympic Education Center, Michigan's 15 state-supported universities, the American Red Cross and Salvation Army, the Boy Scouts of America, and the following six state-supported causes: agricultural heritage, children, lighthouses, veterans, water quality, and wildlife habitat.

### **30- and 60-Day Permits**

The Secretary of State issues 30- or 60-day temporary permits if you want to move an unlicensed vehicle. Bring proof of ownership, such as a title or previous registration, and proof of Michigan no-fault insurance. These permits cannot be issued for a vehicle used to transport passengers for hire or for transporting goods, wares, or merchandise commercially.