

CHAPTER 3

TITLING AND REGISTRATION

Section 3-1

TITLES

3-1.1 Authority. Section 235 of the *Michigan Vehicle Code* (MCL 257.235) requires that a dealer have in immediate possession a properly assigned certificate of title, with odometer 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 in its immediate possession. This includes vehicles purchased from other states whose laws permit financial institutions to hold the title until the lien is paid (i.e., “title-attached” sales). Brokers and 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 laws require that a certificate of title or ownership document be in the immediate possession of the dealer for every vehicle offered for sale. A photocopy or any other facsimile cannot be used in lieu of a properly assigned title or ownership document (e.g., MCO, TR-12, etc.).

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

- a) *Manufacturer’s Certificate of Origin.* Class A dealers are not required to have a title in possession for a new vehicle having a paper Manufacturer’s Certificate of Origin (MCO) or an electronic (paperless) MCO. However, in the case of a paperless MCO, the dealer must have an invoice or other paper evidencing ownership on file.
- 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 buy back vehicle 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 that the vehicle was bought back under Michigan or other state's laws.

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-52);
- f) *Certification of Repossession** (TR-10);
- g) *Court Order**.

** 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 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 or MCO to the purchasing dealer, enters the sale information into the police book, completes the odometer disclosure, and completes separate salvage disclosure, if applicable. **All title assignments must be dated.**

3-2.2 Resale Titles. If all assignment spaces on the title are already 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 257.217 of the Michigan Vehicle Code 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 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 statement of the title assignment. The dealer must properly reassign the certificate of title to the purchaser, including odometer disclosure, and must present the purchaser with both the front and back of the certificate of title prior to the time of sale.
- b) **New Vehicles.** The odometer reading for new vehicles must be disclosed in the MCO assignment; or, if the manufacturer participates in the Department's electronic MCO program for new vehicles, the dealer must disclose the odometer reading on a separate odometer statement.

3-3.3 Transfer of Interest. When 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. A transfer of interest in a vehicle occurs when two elements happen:

- 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 257.217 of the Michigan Vehicle Code requires that application be made within 15 days of the date of delivery. Failure to comply with this requirement will result in late fees being assessed, and may result in administrative action against the dealer's 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 Office of Financial and Insurance Regulation, 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 lien 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 that the purchaser make the payments directly to the dealer.

If the lienholder 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 lienholder. A termination statement or letter from the lienholder 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 \(TR-210\)](#). Dealers may access this form on the Department's Web site. 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 lienholder listed on the original RD-108 decides not to finance the vehicle.

The following instructions apply:

- a) Have the initial lienholder shown on the RD-108 complete a [Notice of Rejection of Vehicle Financing form \(TR-209\)](#). Lienholders may access this form on the Department's Web site. The completed form is given to the dealer and serves as a termination of lien statement.
- b) The dealer submits the following to a branch office:
 - i) TR-11L correction title application naming the dealer as the new lienholder. The vehicle owner is not required to sign the TR-11L.
 - ii) A copy of the original RD-108 title application.
 - ii) The Notice of Rejection of Vehicle Financing form (TR-209),
 - iii) The Notice of Assignment of Secured Interest in a Vehicle form (TR-210),
(WHICH MUST BE SIGNED BY THE PURCHASER AT THE TIME OF DELIVERY)
 - iv) The outstanding title, if available,
 - v) The \$15 title fee.
- c) Branch offices process a correction title application showing the dealer as the new lienholder. 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 legally accept more than two payments on a motor vehicle from a customer.

Requests for installment seller's license applications, and questions regarding finance contracts and the laws governing them, may be directed to the Office of Financial and Insurance Regulation at their toll free number, (877) 999-6442.

Section 3-4

LEASE BUY BACK TRANSACTIONS

3-4.1 Authority. Public Act 652 of 2002 permits 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 that 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. The Michigan Department of State, in an effort to assist dealers with compliance, has developed the following steps for dealers to use 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 that 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 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 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, 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 statement on the title before the sale can be finalized, unless the vehicle is exempt from odometer 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. The dealer must apply for a resale title. To properly correct an assignment error, line out the incorrect information and enter the correct information. Attach a completed form TR-34, *Certification*, explaining the error.

Section 3-6

ODOMETER STATEMENTS

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

3-6.2 Conforming vs. Nonconforming Titles. Refer to Chapter 4, Odometer Requirements.

Section 3-7

DISCLOSURE STATEMENTS

3-7.1 Disclosure Requirement – Rebuilt Salvage Vehicle. 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 that has been repaired, inspected, and recertified by a specially trained law enforcement officer, the dealer must certify to the buyer in writing that the vehicle was previously “distressed.” See Chapter 5, Section 5-4 for more information.

3-7.2 Disclosure Requirement – New Vehicle Damage. Written disclosure of damage and repairs is required when a new vehicle dealer is selling a new, demonstrator, executive or manufacturer, or program vehicle that has been damaged and repaired, and that 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 Requirement – 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 “Government 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 that 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 to 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 branch offices, on the Secretary of State's Web site. 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 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 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 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) Form BFS-4, which is used when the dealer applies for a new plate on behalf of the purchaser; and,
- b) The shaded temporary registration 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.

15-day temporary registrations (BFS-4) and RD-108 forms are used only by Class A, B, and D dealers. The BFS-4 temporary registrations may be purchased at the dealer's designated Secretary of State branch office in blocks of five.

3-9.2 Authorized Use. A 15-day temporary registration is only issued to a purchaser when a new plate is being purchased or transferred and the dealer delivers the vehicle before the RD-108 is processed at a Secretary of State branch office.

A dealer must provide the new plate and the branch-issued registration to the purchaser before the 15-day temporary registration period is over. **The Michigan Vehicle Code prohibits issuing more than one temporary registration per vehicle sale transaction.**

- a) **BFS-4.** The 15-day temporary vehicle registration is issued when a new license plate is being purchased for a motor vehicle, trailer, or trailer coach. The dealer must verify the purchaser has Michigan no-fault insurance before the temporary registration can be issued. It is valid for 15 days from the date of issuance.

Dealers may obtain BFS-4 temporary registrations in blocks of five from their designated Secretary of State branch office for \$5 per block. Dealers may charge purchasers \$1 to cover the cost of the BFS-4. The temporary registration number **must** be recorded in the lower right column of the RD-108.

- b) **RD-108.** The gray-shaded area in the middle left column of the RD-108 must be completed to serve as the 15-day temporary registration for plate transfers. It is used when the purchaser already has a license plate and is transferring it to the newly acquired vehicle. The dealer verifies the registration is valid and in the purchaser's name by seeing proof of registration or by contacting the dealer's designated Secretary of State branch office.

The license plate being transferred must be placed on the new vehicle at the time of delivery. The dealer must ensure that the purchaser receives a copy of the RD-108 at the time of signing. The copy of the RD-108 serves as the purchaser's temporary registration when a plate is transferred.

Table 1
Types of Vehicle Registrations

The following table outlines the specifics of dealer plate use and various types of temporary registrations.

	Dealer Plate	BFS-4 15-Day	BFS-4 15-Day	In-transit Registration
Applicable Purchases	Any	Purchase of a new license plate	Transferring license plate from another vehicle	Out-of-state purchaser
How Long Plate or Registration is Valid	Up to 72 hours after delivery	15 Days	15 Days	14 Days
Information to be Recorded on RD-108	None	Record the BFS-4 control number in the “ <i>Temporary Registration No.</i> ” line of RD-108 (lower right column).	Record plate number in “ <i>Temporary Vehicle Registration</i> ” section of the RD-108 (middle left column).	Record “ <i>no title – in-transit</i> ” in plate number box. Record title number and state to be registered in Remarks section.
Miscellaneous Limitations	None	Dealer must verify proof of Michigan no-fault insurance.	Dealer must verify transfer plate is valid and registered in the purchaser’s name.	Dealer must verify insurance for <u>any</u> vehicle owned by the purchaser.
Cost to Dealer	\$10 each	\$1 each, in blocks of five	None	None – purchaser pays \$10

Section 3-10

14-DAY IN-TRANSIT REGISTRATION (RETAIL TRANSACTIONS ONLY)

3-10.1 Authority. The Michigan Vehicle Code requires a registration to be displayed on all vehicles being driven on Michigan roadways. The 14-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. Temporary registrations used for Michigan residents are not used for sales to nonresidents.

The 14-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 applies 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 14-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 lien will not be recorded in Michigan. Dealers indicate the lien 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 14-day in-transit registration fee of \$10 in the license fee box. Submit the properly assigned ownership document (title, MCO, etc.). The branch office will return the ownership document to the dealer with the 14-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 that shows 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. Please contact the Department of State Information Center at (517) 322-1460 for more information.

Section 3-11

RESALE TITLES

3-11.1 Requirements. 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-52, *Notice of Abandoned Vehicle*; or another type of bill of sale (vehicle acquired at a tax sale, auction of government vehicles, U.S. Form 97, 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 branch 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 3-20 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 a law enforcement officer.

3-11.2 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 that the odometer information is complete and correct and that the proper fee category is entered in the fee category space.
- b) Submit the RD-108 with the reassigned title to your Secretary of State branch office with the title fee. Sales tax is not due.

3-11.3 Legend. The following legend appears on all resale titles:

NOT ELIGIBLE FOR PLATES – NO TAX PAID

Section 3-12

LOST TITLES

3-12.1 Authority. Section 257.217 of the *Michigan Vehicle Code* 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 Web site at www.Michigan.gov/sos or by visiting a Secretary of State branch office.

3-12.2 Surety Bond. If the vehicle is less than six 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 branch 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 six 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 branch 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 that 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, upon receipt, reassign it to the dealer.
- b) The dealer can apply for a duplicate title on behalf of the owner, using form TR-128, *Appointment of Agent*, completed by the owner.
- 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 branch 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.

NOTE: If the title record is in two names, both owners must appear at the branch office and present identification.

Section 3-14

RESCINDED (CANCELED) DEALS

3-14.1 Instructions. If a dealer cancels or rescinds a vehicle sale 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 was not used, the purchaser (not the dealer) may apply for a refund of the registration fee. See Section 3-14 for more information.

NOTE: When a vehicle sale is rescinded, 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) 636-4730. 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) 636-4730.

- 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 MV-13, *Request for License Plate Fee Refund*;

NOTE: A sample MV-13 form appears at the end of this chapter. Dealers may photocopy this form for their use.

- 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
Finance Division
Refund Section
Lansing, MI 48918-1422

If approved, the Finance Division will mail the registration fee refund to the dealership.

- b) **Delivery of Vehicle.** If the vehicle was delivered and the new registration was not used, the customer may apply for a refund of the registration fee. Form A-226, *Michigan Department of State Refund Request Form*, is used. The dealer cannot apply for the refund in this situation.

NOTE: The customer may be eligible for a registration fee refund if the vehicle was delivered with a 15-day temporary registration and returned within the 15-day period or delivered with a dealer plate and returned within the 72-hour period, as long as the customer's new license plate or tab was not placed on the vehicle.

Section 3-15

EXPEDITIOUS TITLE SERVICE

Expeditious title service is offered at all Secretary of State branch offices for vehicle titles, watercraft titles, and mobile home titles. A \$5 fee (in addition to all other fees) is charged for expeditious service. Expeditious title service ensures that 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 several Secretary of State branch offices throughout Michigan. Dealers may contact their designated Secretary of State branch office for information about the nearest location that provides this service. There is an additional \$5 fee for each transaction.

3-16.2 Eligible Transactions. Instant title service is available for new vehicles, 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, mobile home titles, or replacing lost titles.

NOTE: If the Michigan Department of State's mainframe computer is temporarily out of service, instant titles cannot be printed. If a lengthy delay is anticipated, Secretary of State branch offices will accept the instant title application and then mail the new title.

3-16.3 Instant Title Checklist. Before traveling to a Secretary of State branch 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) Be sure to take all documents needed to complete the transaction. This could include, 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 Web site (www.Michigan.gov/sos). Dealers may also contact the Department of State Information Center at (517) 322-1460 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, they must be titled. 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 that 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 of the unemancipated minor by using form B-32, *Parental Consent to Sell a Vehicle to a Minor*, available from Secretary of State branch offices or the Secretary of State Web site located at www.Michigan.gov/sos (choose the *Forms & Resources* button). Dealers keep the completed form with the transaction documents in the dealership records. Form B-32 is not presented to the Secretary of State office as part of the title transaction. Secretary of State branch 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, provides a copy of their Letter of Authority from the court, and provides a copy of the death certificate.
 - 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 the dealer’s designated Secretary of State branch 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 following steps are used:

- a) The new title showing the incorrect VIN will be mailed to the purchaser named on the application. The dealer must retrieve the incorrect title from the purchaser. 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 branch office:

- a) Part One – Obtaining the Correct Resale Title:
 - 1) A copy of the validated RD-108 receipt, form RD-108L, showing the incorrect VIN.

- 2) The incorrect title. Do not reassign it. A lien on the title does not have to be terminated as long as it is carried over to the second corrected application.
 - 3) Form TR-34, *Certification*, explaining the error. Include 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 that 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 that 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 that the incorrect title be deleted from Michigan Department of State records. The dealer indicates in the request that 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 branch office. The branch office will forward the request to the Bureau of Driver and Vehicle Records 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 MCO program, the dealer will need to obtain a duplicate MCO 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 branch office:

- 1) The properly assigned MCO 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 that 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 that are titled and registered for use on the roadways of Michigan, 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 second-hand, 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 that 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 or title. The delivering dealer must be properly licensed and franchised to deal in the make of vehicle being delivered. See Chapter 1, Section 1-13 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 delivering dealer's designated Secretary of State branch office 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 the branch 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 the delivering dealer's designated Secretary of State branch office 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 federal 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 U.S. from other countries, including Canada, additional documents must be presented to the Secretary of State branch office with the application for title. Failure to provide proper documentation may result in the branch 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 when sold to the Michigan dealer;
 - 3) The names and addresses of both the seller and the buyer.
- b) **U.S. Customs Form 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 that are imported for resale by a Michigan dealer, or for private use by Michigan citizens. Customs Form 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 branch 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 branch 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 branch 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 that 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, Section 4-9 for more information.

