



STATE OF MICHIGAN  
RUTH JOHNSON, SECRETARY OF STATE  
DEPARTMENT OF STATE  
LANSING  
March 2013

**Title in Immediate Possession Exception – Used Vehicle Dealers**

Effective March 28, 2013 Public Act 498 of 2012 has specified conditions where, if all are met, a used or second hand vehicle dealer will no longer be required to have in the dealer's immediate possession the assigned certificate of title for each vehicle displayed or offered for sale.

Conditions:

- 1) The used or secondhand vehicle inventory lender holding a certificate of title for a vehicle must be registered with the Secretary of State. The **Used Vehicle Inventory Lender Registration Form** must be completed by the used vehicle inventory lender and submitted to the Business Licensing & Regulation Division for approval. A link to the form can be found on the Michigan Secretary of State's web site below:

[Vehicle Inventory Lender Registration Form \(BLRD-2\)](#)

"Inventory lender" means a third party engaged in the business of providing financing to a used or secondhand vehicle dealer for the acquisition or retention of vehicles held for sale or lease by the qualifying dealer. An inventory lender must file a financing statement with the Secretary of State evidencing the third party's security interest in the used or secondhand vehicle dealer's inventory.

- 2) A used or secondhand vehicle dealer has entered into a written agreement with an inventory lender providing the inventory lender the authority to retain in its possession the certificate of title for a vehicle subject to an inventory loan.
- 3) The used or secondhand vehicle dealer maintains a paper or electronic copy of the inventory loan agreement between the used or secondhand vehicle dealer and the vehicle inventory lender, along with the inventory list, which cannot be more than 5 days old. These documents must be made available to the Secretary of State upon its request.
- 4) The used or secondhand vehicle dealer posts a notice on the vehicle window disclosing the existence of the inventory loan for the vehicle. The following is the link to the **Vehicle Dealer Inventory Loan Notice** posted on the Secretary of State's web site:

[Vehicle Dealer Inventory Loan Notice \(BLRD-1\)](#)

- 5) The used or secondhand vehicle dealer maintains a color copy 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 in fact a copy.

- 6) The color copy of the title and a disclosure or notice of the vehicle inventory lender's possession of the title shall be presented to the buyer at the time of purchase in paper or electronic form.
- 7) Since the conforming title is not in possession at the time of sale, the dealer is required to provide the buyer with a separate odometer statement prior to delivery. The following link leads to the **Odometer Mileage Statement** form posted on the Secretary of State's web site:

[Odometer Mileage Statement \(BDVR-108\)](#)

Important Additional Information:

- Please note this change applies only to dealers licensed under this Act who solely sell used or secondhand vehicles. It does not apply to a dealer licensed under this Act selling new motor vehicles or both new motor vehicles and used or secondhand vehicles.
- A used or secondhand vehicle dealer who has sold a vehicle financed through an inventory lender and does not submit the RD-108 application for title and registration within 15 days of delivery is subject to a \$100 late fee. The dealer indicates the \$100 late fee in the upper right corner of the RD-108.
- A used or secondhand vehicle dealer's inventory lender is required to release the certificate of title to the used or secondhand vehicle dealer or designee, or the Secretary of State, as applicable, not more than 2 banking business days after receiving one of the following:
  - (a) The outstanding principal balance and any other fees and charges due on the vehicle under the inventory loan.
  - (b) A written request from the used or secondhand vehicle dealer with proof of full payment evidencing that the vehicle has been sold to a buyer in the ordinary course of business under section 9320 of the uniform commercial code, 1962 PA 174, MCL 440.9320, or a substantially similar law of another state.
  - (c) A written request from the purchaser and proof of full payment evidencing that the purchaser's status as a buyer in ordinary course of business under section 9320 of the uniform commercial code, 1962 PA 174, MCL 440.9320, or a substantially similar law of another state.
  - (d) A written request from the Michigan Secretary of State.

If you have any questions, please email the Business Regulation Section at [BLRD@michigan.gov](mailto:BLRD@michigan.gov).