Chapter 2
Record Keeping Requirements

Section 2-1
Required Records

2-1.1 Records Requirements. Section 251 of the Michigan Vehicle Code [MCL 257.251 et seq.] requires vehicle dealers to maintain records in a manner prescribed by the Secretary of State.

A dealer must maintain records for each vehicle that is bought, sold, leased, or exchanged by the dealer or received or accepted by the dealer for sale, lease, or exchange. Records must be available for inspection by law enforcement and Michigan Department of State investigative staff upon request.

2-1.2 Record Retention. Dealer records must be maintained and available for inspection for 5 years after the sale of the vehicle.

2-1.3 Electronic Records. Dealers must ensure their software meets Michigan Department of State requirements for electronic record keeping. The Department of State will not test, evaluate, or recommend software. Dealers who choose to maintain an electronic Police Book, Temporary Registration Log or other required records must be prepared to print a paper copy of the records if requested by law enforcement or Michigan Department of State investigative staff.

2-1.4 Class A Dealers. The following records must be maintained, depending on the activities in which the dealer engages:

a) Titles or other ownership documents (TR-42, TR-52L, BDVR-141, TR-208, etc.);
b) Copies of front and back of conforming titles for odometer disclosure records, both incoming (bought) and outgoing (sold) copies must be maintained;
c) Copies of separate odometer disclosure statements used with manufacturer’s certificates of origin (MCO) containing non-conforming odometer disclosure statements, or new vehicle sales with electronic/paperless manufacturer’s certificates of origin;
d) Copies of purchase agreements;

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e) Copies of installment sales or lease contracts;
f) Copies of RD-108s and RD-108Ls;
g) Copies of RD-108s prepared for exported vehicles;

Note: Please see Chapter 8, Section 8-4.2 for more information on exporting vehicles.
h) Copies of salvage disclosure statements;
i) Police Book or washout system;
j) Copies of Application for Original Michigan Salvage Title or Scrap Title (TR-12);
k) Copies of Salvage Vehicle Recertification Inspection forms (TR-13A, TR-13B);
l) Copies of temporary registrations;
m) Copies of Major Component Parts Record (SOS-426);
n) Copies of Broker Fee Agreements and Broker Purchase Agreements.
o) BFS-4 15-day temporary registration log

2-1.5 Class B Dealers. The following records must be maintained, depending on the activities in which the dealer engages:

a) Title or other ownership documents (TR-42, TR-52L, BDVR-141, TR-208, etc.);
b) Copies of front and back of conforming titles for odometer disclosure records, both incoming (bought) and outgoing (sold) copies must be maintained
c) Copies of purchase agreements;
d) Copies of installment sales or lease contracts;
e) Copies of processed RD-108s and RD-108Ls;
f) Copies of RD-108s prepared for exported vehicles;

Note: Please see Chapter 8, Section 8-4.2 for more information on exporting vehicles.
g) Police Book or washout system;
h) Copies of salvage disclosure statements;
i) Copies of Application for Original Michigan Salvage Title or Scrap Title (TR-12);
j) Copies of Salvage Vehicle Recertification Inspection forms (TR-13A, TR-13B);
k) Copies of temporary registrations;
l) Copies of Major Component Parts Record (SOS-426);
m) Copies of Broker Fee Agreements and Broker Purchase Agreements;
n) Signed copies of the Vehicle Dealer Inventory Loan Notices;
o) Color copies of the front and back of titles when a vehicle is subject to an inventory loan;
p) Copies of separate odometer disclosure statements used only when the title is held by an
inventory lender;
q) All documents related to the inventory loan transaction.
r) BFS-4 15-day temporary registration log

2-1.6 Class C and Class R Dealers. The following records must be maintained, depending on
the activities in which the dealer engages:

a) Titles or other ownership documents (TR-42, TR-52L, BDVR-141, TR-208, etc.);
b) Copies of front and back of conforming titles for odometer disclosure records, both
incoming (bought) and outgoing (sold) copies must be maintained
c) Police Book;
d) Copies of Application for Original Michigan Salvage Title or Scrap Title forms (TR-12);
e) Copies of Major Component Parts Record (SOS-426);
f) Copies of Scrap Vehicle Inventory forms (TR-9);
g) Copies of bills of sale or receipts for parts sales;
h) Copies of RD-108s and RD-108Ls for retail sales (Class R dealers)
i) Copies of RD-108s prepared for export retail sales (Class R dealers)
j) Copies of Broker Fee Agreements and Broker Purchase Agreements.

2-1.7 Class D Brokers. If the vehicle is purchased, sold, leased, or exchanged through a broker,
the Michigan Broker Rules require additional record keeping information. (See Chapter 6 –
Broker Requirements for additional information)

2-1.8 Class E Dealers. The following records must be maintained, depending on the activities in
which the dealer engages:

a) Titles or other ownership documents (TR-42, TR-52L, BDVR-141, TR-208, etc.);
b) Copies of Scrap Vehicle Inventory forms (TR-9) from licensed dealers;
c) Copies of reassigned vehicle titles both front and back;
d) Police Book.

2-1.9 Class F Dealers. The following records must be maintained, depending on the activities in
which the dealer engages:
a) Copies of Scrap Vehicle Inventory forms (TR-9) from licensed dealers;
b) Copies of reassigned vehicle titles both front and back;
c) Police Book.

2-1.10 Class G Dealers. The following records must be maintained, depending on the activities in which the dealer engages:

a) Police Book;
b) Copies of front and back of conforming titles for odometer disclosure records, both incoming (bought) and outgoing (sold) copies must be maintained
c) Copies of salvage disclosure statements;
d) Copies of Broker Fee Agreements and Broker Purchase Agreements;
e) Copies of RD-108s and RD-108Ls for retail sales;
f) Copies of temporary registrations.

2-1.11 Class H Dealers. The following records must be maintained, depending on the activities in which the dealer engages:

a) Police Book;
b) Copies of front and back of conforming titles for odometer disclosure records, both incoming (bought) and outgoing (sold) copies must be maintained
c) Copies of Major Component Parts Records (SOS-426);
d) Copies of bills of sale or receipts for parts purchased;
e) Copies of Broker Purchase Agreements;
f) Copies of Scrap Vehicle Inventory forms (TR-9).

NOTE 1: Class H dealers are required to present evidence in Michigan that they actually engage in and hold the appropriate license to buy, sell, or otherwise deal in distressed, late model vehicles or salvageable parts in a foreign (their home) state. The Class H dealer must also comply with all requirements for licensure in their home state.

NOTE 2: Records must be available for inspection by law enforcement and Michigan Department of State investigative staff.

2-1.12 Class W Dealers. The following records must be maintained, depending on the activities in which the dealer engages:
a) Title documents for currently owned vehicles;

b) Copies of front and back of conforming titles for odometer disclosure records, both incoming (bought) and outgoing (sold) copies must be maintained

c) Copies of salvage disclosure statements;

d) Police Book.

Section 2-2

Police Book

2-2.1 Description. A Police Book may be a bound volume, an electronic record, or paper copies as described below, containing a complete bought-and-sold record for each vehicle handled by a dealer.

The paper copy must be able to be printed in a format similar to the entries found in a bound Police Book, in date acquired order. The stock number is listed first with all other fields either following or indented under the stock number. The paper copy may be printed on any size paper but it must be printed in at least 10 characters per-inch font, have no more than six horizontal lines per inch, and have at least one-half inch margins at the top, bottom, and sides.

Each record must contain a “remarks” area for dealers to keep miscellaneous information about the vehicle. For example, remarks can include the name of the auction where the vehicle was purchased, if the title is branded, if the vehicle was purchased for parts only, etc.

The Police Book must be completed in ink. Correction tape or fluid cannot be used in a Police Book and information cannot be written on non-permanent office supplies or sticky notes. Information cannot be scribbled out or otherwise obliterated. A single thin line is used to cross out incorrect information and the correct information can be written above, below or alongside the mistake(s). Police Books can be purchased from office supply stores or printing companies.

2-2.2 Requirements. When a dealer buys or acquires a vehicle certain information must be entered into the Police Book or washout system. The following information is required:

a) Name and address of the person from whom the vehicle was acquired (not the name of the auction).

b) Selling dealer’s license number, if applicable;

c) Date the dealer purchased or acquired the vehicle;

d) Stock or inventory number assigned by the dealer;

e) Title number (does not apply to new vehicles). If the title is not yet available, leave the space blank. Enter the title number as soon as it is received, along with the issuing state’s alpha abbreviation if not a Michigan title. The vehicle may not be offered for sale until the dealer possesses a title that can be reassigned to a retail customer;
f) Vehicle Identification Number (VIN);

g) Description of the vehicle (year, make, body style, etc.);

h) Color of vehicle in description information (Classes C, F, H and R)

i) Buyer’s name and address; and,

j) Date of sale.

k) Remarks section; this entry in the Police Book can include the name of the auction where the vehicle was purchased, whether the vehicle has a salvage or scrap title, the name of the inventory lender for class B used vehicle dealers, if the title is branded (e.g. salvage), and if the vehicle was purchased for parts only. This section may be used for other miscellaneous information to the business of the vehicle dealer.

**Note One:** Class C, H and R dealers must also maintain their Major Component Parts Record (SOS-426) in their Police Book or as an attachment. Dealers may link the Major Component Parts Record (SOS-426) as an electronic sub-record to the Police Book using a common number or “key word” such as the vehicle identification number or stock number.

**Note Two:** The Secretary of State prescribes Police Book entries must be made in the order the vehicles have been acquired or in date order.

2-2.3 Distressed (Salvage/Scrap-titled) Vehicles – Additional Requirements. A dealer must maintain, in a bound volume, a separate Police Book of late model distressed vehicles bought, sold, exchanged, accepted or otherwise acquired by the dealer for the purpose of sale, exchange, wrecking, or storage. These vehicles are recorded in both Police Books.

2-2.4 Dismantled Vehicle Requirements. When vehicle remains are sold after dismantling, the following information must be recorded in the Police Book:

a) Name and address of buyer, including dealer license number if sold to a class F scrap metal processor;

b) Date of sale of the remains to the buyer;

**Note:** The late model major component parts removed from the vehicle for resale or use by the dealer are listed on the Major Component Parts Record (SOS-426) and attached to the Police Book.

**Section 2-3**

**Washout System**

2-3.1 Restrictions. A washout system is a record keeping format that contains the same information as a hard-bound, paper Police Book.
2-3.2 Use. When using a washout system a stock number is assigned to a vehicle and when it’s acquired, the trade-in vehicle is given the same stock number, followed by, for example-an “A”. When the trade-in “A” vehicle is sold, the trade-in on that vehicle is assigned the same stock number followed by a “B”. When the last vehicle in the chain is sold without a trade-in, the record is effectively “washed out.”

Section 2-4
Supplemental Location Records

2-4.1 Records Required. This applies only to Class “A” New Vehicle and Class “B” Used Vehicle dealers. All dealer records listed in this chapter for new and used vehicle dealer classifications must also be held at the dealer’s respective supplemental locations. This includes the Police Book, the front and back copies of titles, and all other records.

2-4.2 Record Retention Exceptions. Dealers may write the Secretary of State at the following address and request records be maintained at the primary location excepting the supplemental location’s Police Book and vehicle titles. Such requests will be reviewed on a case-by-case basis. If approved, records other than titles and a separate Police Book can be maintained in the deal jackets at the primary location.

Business Licensing and Regulation Division
Richard H. Austin Building
430 W. Allegan
Lansing, MI 48918

Note: Titles must be present for all vehicles displayed at each separate location. In addition, a separate Police Book and a temporary registration log must be maintained at all locations. Police Book entries must be updated to indicate when vehicles have been moved from one licensed vehicle dealer location to another including the primary and supplemental locations. A title assignment is not required when a vehicle is moved between the dealer’s primary location and supplemental location(s) or between supplement lots under the authority of the same primary license.

Section 2-5
BFS-4 15-Day Temporary Registration Log

2-5.1 Records Required. This applies only to Class “A” New Vehicle and Class “B” Used Vehicle dealers and Class “D” Brokers.

2-5.2 Requirements. When a dealer issues a BFS-4 15-Day Temporary Registration certain information must be entered into the temporary registration log:

a) Temporary Registration form serial number (control number);

b) Issue date;
c) Year and make of the vehicle;
d) Vehicle Identification Number (VIN);
e) Corresponding Police Book Stock Number;
f) Person(s) issued to;
g) Person issued by;

** Please refer to the example temporary registration log at the end of this chapter. Note this is only an example and other configurations may be used if the information referenced under 2-5.2 in this chapter is included.

Note: A dealer license may be summarily suspended if the dealer fails to provide records for inspection as requested by the Secretary of State, or has otherwise hindered, obstructed, or prevented the inspection of records.
# Temporary Registration Log

Dealership name: ________________________  Dealer license number: _____________
Dealership address: __________________________________________________________

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