

## Chapter 4

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# Odometer Mileage Disclosure Requirements

### Section 4-1

#### **Disclosure**

**4-1.1 Authorization.** Section 233a of the *Michigan Vehicle Code* (MCL 257.233a) requires the seller to give the buyer a written odometer mileage disclosure statement before delivery unless the vehicle is exempt from odometer mileage disclosure requirements (see Section 4-2 for exemption criteria).

**4-1.2 Record Retention.** All odometer mileage disclosure records must be kept for five years at the dealer's licensed location. Odometer mileage readings are disclosed on a conforming title. A copy of the title (both front and back) must be kept in the dealer's records. For non-conforming titles, odometer mileage disclosure is made on a separate odometer mileage disclosure statement. In this situation, copies of both the odometer mileage disclosure statement and the non-conforming certificate of title must be retained for five years.

**4-1.3 Record Accuracy.** Odometer mileage disclosure statements must be accurate and reflect all of the information available to the dealer. Routinely marking all odometer mileage disclosure statements as "mileage not actual" or "mileage unknown" for all vehicles is a violation of the odometer mileage disclosure law.

*NOTES: It is unlawful for the same person to sign an odometer mileage disclosure statement on behalf of both the seller and the purchaser.*

*A dealer is not permitted to sign an odometer mileage disclosure statement on behalf of the purchaser.*

*Likewise, a dealer cannot appoint a third party (appointed agent) to sign the odometer mileage disclosure statement on behalf of the purchaser.*

*If the purchaser cannot appear to sign the odometer mileage disclosure statement, the purchaser may appoint a third party (not the dealer or an associate of the dealer) to sign on his/her behalf.*

## **Section 4-2**

### **Exempt Vehicles**

Odometer mileage disclosure statements are not required for the following vehicles:

- a) A new vehicle being transferred from a manufacturer to a dealer;
- b) A vehicle with a gross vehicle weight rating (GVWR) of more than 16,000 pounds;
- c) A vehicle which is not self-propelled;
- d) A vehicle which is 10 model years old or older. Use the following formula:  
*current calendar year minus 10 = first model year a vehicle is exempt.*

## **Section 4-3**

### **Conforming Vs. Non-Conforming Titles**

**4-3.1 Conforming Titles.** All Michigan titles issued after November 1, 1989, are conforming titles. Michigan titles issued since November 1998 are 8½ by 11 inches and have one reassignment space on the front and four reassignment spaces on the back. According to the National Highway Traffic Safety Administration (NHTSA), all states have issued conforming titles since 1994.

- a) **Definition.** A “conforming” title is one which conforms to federal and state odometer mileage disclosure laws. It contains an odometer mileage disclosure statement referencing the state and federal laws and a statement that failing to complete or providing false information may result in fines and/or imprisonment. Also, the title must contain space for the odometer mileage disclosure reading to be printed on its face and a disclosure statement in each reassignment which includes space for the following items:
  - 1) Odometer mileage disclosure reading (no tenths);
  - 2) Date of transfer;
  - 3) Signatures and hand-printed names of both buyer and seller (or seller’s agent);
  - 4) Name and current address of both buyer and seller;
  - 5) Indicate if the mileage is actual, exempt e.g. exceeds mechanical limits (odometer mileage rolled over) or is not actual mileage;

**4-3.2 Non-conforming Titles.** All Michigan titles issued before November 1, 1989, are non-conforming titles.

- a) **Definition.** Non-conforming titles do not contain all of the odometer mileage disclosure information required by state and federal law. If a dealer receives a non-conforming title, either from Michigan or another state, the dealer completes the following:

- 1) A separate odometer mileage disclosure statement containing the required language; and
- 2) The odometer mileage disclosure on the title, even if the language is non-conforming. Dealers must not accept any conforming or non-conforming titles with an incomplete odometer mileage disclosure statement. When an odometer mileage disclosure statement is required, the information must be provided by the seller, not the buyer.

## **Section 4-4** **Odometer Mileage Disclosure Statements**

**4-4.1 Requirements.** All odometer mileage disclosure statements must be completed by the seller. The statement is signed by both buyer and seller, and both parties also print their names. “Print” means hand-printed in ink by the person whose signature appears – not typed or computer-generated.

*NOTE: A dealer may not sign an odometer mileage disclosure statement as both the seller and the buyer. A dealer cannot appoint a third party to sign an odometer mileage disclosure statement on behalf of the buyer. If the purchaser cannot appear to sign the odometer mileage disclosure statement, the purchaser may appoint a third party (not the dealer or an associate of the dealer) to sign on his/her behalf.*

**4-4.2 Retail Transactions.** For used vehicles, the dealer must always show the title and reassignments to the buyer before delivery of the vehicle. In a retail transaction, the buyer must inspect the title, and sign and print his/her name on the title’s odometer mileage disclosure statement. The dealer must provide a copy of the title to the purchaser at the time the purchaser signs the title.

**4-4.3 Multiple Buyers or Sellers.** If there is more than one buyer or seller, the odometer mileage disclosure statement may be signed by any of the buyers or sellers.

**4-4.4 Wholesale Transactions.** If odometer mileage disclosure is made on a conforming title, the selling dealer keeps a photocopy of the title for 5 years. If the title is non-conforming, and a separate odometer mileage disclosure statement is used, both the buying and selling dealers must maintain a copy of both the odometer mileage disclosure statement and assigned title for 5 years.

**4-4.5 Inventory Lender Transactions.** Since the title is not present when a used vehicle dealer sells a vehicle financed through an inventory lender, the dealer is required to provide the purchaser with a separate odometer mileage disclosure statement. Title and registration instructions for dealers transacting sales through registered inventory lenders can be found in Chapter 7, section 7-4.14e of the Dealer Manual.

**4-4.6 Out-of-state Titles.** Out-of-state titles are handled the same as Michigan titles. Odometer mileage disclosure is made in the appropriate space provided on out-of-state titles. If all reassignment spaces are used, the Michigan dealer must surrender the out-of-state title and obtain a Michigan resale title.

*NOTES: Michigan's odometer mileage disclosure law requires the title to be shown to the purchaser before delivery of the vehicle. Both Michigan and federal odometer mileage disclosure laws require disclosure on the conforming title.*

*According to Michigan law, improper odometer mileage disclosure constitutes prima facie fraud and may result in sanctions against a dealer's license. It is the selling dealer's responsibility to make sure the title is present before offering a vehicle for sale at retail or wholesale.*

## **Section 4-5**

### **Certificates of Origin (MCO/MSO)**

**4-5.1 Requirements** Odometer mileage disclosure must be made with every transfer of ownership. This includes "dealer trades" of new vehicles. The purchasing dealer must receive a separate odometer mileage disclosure statement unless an odometer mileage disclosure statement is provided on a conforming MCO.

**4-5.2 Vehicles Never Titled.** If a vehicle has never been titled or if an electronic MCO is used, odometer mileage disclosure must be made on a separate document or on a conforming MCO. Unless odometer mileage disclosure is given on the MCO, a certificate of origin does not need to be shown to the purchaser before delivery, nor is the purchaser required to sign the certificate of origin.

## **Section 4-6**

### **Replacing or Repairing an Odometer**

**4-6.1 Actual Odometer Mileage Known.** If the odometer is being repaired or replaced and the actual reading is known, the new or repaired odometer may be adjusted to register the actual mileage. No door frame sticker is required in this instance (see Section 4-7).

**4-6.2 Unable to Register Same Mileage.** When repairing or replacing an odometer incapable of registering the same mileage as before the repair or replacement, the odometer must be reset to zero. A notice is then attached to the left front door frame specifying the odometer reading before the repair or replacement and the date it was done. Thereafter, the vehicle must be sold with the mileage indicated as "not actual."

## **Section 4-7**

### **Door Frame Stickers**

Door frame stickers for odometer repair and replacement are usually provided with the replacement odometer. The sticker also may be obtained from business forms suppliers or printing companies specializing in dealer forms and supplies.

## **Section 4-8**

### **Vehicles Without or With Broken Odometers**

**4-8.1 Requirements.** A few vehicles have missing, broken or non-working odometers. Dealers may sell these vehicles without repairing or installing an odometer if proper disclosure is made to the purchaser.

**4-8.2 Completing Odometer Mileage Disclosure Statement.** When completing the odometer mileage disclosure statement for vehicles without odometers or with broken odometers, enter the word “NONE” in the mileage boxes and mark check box “Not Actual Mileage” in the “Odometer Mileage Disclosure” section of the RD-108 form. Dealers are instructed to add a note to the “Remarks” section indicating the odometer is broken or missing.

When the new title is issued to the purchaser, the front of the title will not indicate mileage but will carry the message “No Odometer” on the face of the title. The person who subsequently repairs or replaces the odometer is required to adjust the odometer to zero, affix a notice to the left front door frame and indicate “None” or “No Odometer” on the door frame notice.

## **Section 4-9**

### **Kilometers vs. Miles**

**4-9.1 Instructions.** According to NHTSA, when selling a vehicle with an odometer registering in kilometers rather than miles, the seller strikes the word “miles” and inserts “kilometers” in the disclosure statement and on the RD-108. Both the buyer and the seller initial the change.

**4-9.2 Applying for Michigan Resale Title.** When performing a conversion on an odometer/speedometer to change the reading from kilometers to miles, or if the conversion was previously done in Canada, a Michigan dealer must apply for a Michigan resale title with the following documents accompanying the application:

- a) The Canadian ownership document showing the information listed below:
  - 1) The date of purchase.
  - 2) The odometer mileage disclosure reading in kilometers when sold to the Michigan dealer.
  - 3) The names and addresses of both the seller and the buyer.
- b) Form TR-34, *Certification*, completed by the purchasing Michigan dealer to explain how, when, where, and who converted the odometer from kilometers to miles. This certification must list the following information:
  - 1) Exact calculations on how the mileage was determined from the reading in kilometers. The standard Federal conversion rate is 0.62;
  - 2) The current odometer reading in miles; and
  - 3) A statement indicating the odometer mileage disclosure reading represents

“actual”, “not actual,” or “exempt” e.g. mileage in excess of mechanical limits.

*NOTE: An ownership document (a.k.a. “permit” or “ownership”) is the Canadian equivalent of a Certificate of Title. This is considered to be the same as a conforming title document from another state. The conversion information must also be recorded in the Remarks section of the RD-108.*