

SENATE BILL No. 1408

June 29, 2010, Introduced by Senator GILBERT and referred to the Committee on Transportation.

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 235 (MCL 257.235), as amended by 2002 PA 652.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 235. (1) If the transferee of a vehicle is a new motor
2 vehicle dealer or a used vehicle dealer that acquires the vehicle
3 for resale, the dealer is not required to obtain a new registration
4 of the vehicle or forward the certificate of title to the secretary
5 of state, but shall ~~retain and have in the dealer's immediate~~
6 ~~possession the assigned certificate of title with the odometer~~
7 ~~information properly completed~~ **MAINTAIN PROOF OF OWNERSHIP AND**
8 **ACCURATE ODOMETER INFORMATION FOR THE VEHICLE WHILE HELD FOR**
9 **RESALE, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION. A dealer**
10 ~~shall obtain a certificate of title for a vehicle having a salvage~~

1 ~~certificate of title before the dealer may operate the vehicle~~
2 ~~under dealer's license plates.~~

3 (2) Upon transferring title or interest to another person that
4 is not a dealer, the dealer shall complete an assignment and
5 warranty of title upon the certificate of title, salvage
6 certificate of title, or dealer reassignment of title form and make
7 an application for registration and a new title as provided in
8 section 217(4).

9 (3) ~~(2)~~—The dealer or transferee is liable for all damages
10 arising from the operation of the vehicle while the vehicle is in
11 the dealer's or transferee's possession.

12 (4) ~~(3)~~—Upon transferring title or interest to another dealer,
13 the dealer shall complete an assignment and warranty of title upon
14 the certificate of title, salvage certificate of title, or dealer
15 reassignment of title form and deliver it to the licensed dealer to
16 which the transfer is made.

17 (5) ~~(4)~~—The secretary of state shall prescribe the dealer
18 reassignment of title form. The form shall contain the title number
19 of the accompanying title; the name, address, and, if applicable,
20 dealer license number of the transferee; the year, make, model,
21 body type, and vehicle identification number of the vehicle; the
22 name, address, dealer number, and signature of the transferor; an
23 odometer mileage statement ~~pursuant to~~ **AS REQUIRED UNDER** section
24 233a; and any other information the secretary of state requires.

25 **(6) A DEALER SHALL OBTAIN A CERTIFICATE OF TITLE FOR A VEHICLE**
26 **HAVING A SALVAGE CERTIFICATE OF TITLE BEFORE THE DEALER MAY OPERATE**
27 **THE VEHICLE UNDER A DEALER'S REGISTRATION PLATE.**

1 (7) ~~(5)~~—This section does not prohibit a dealer from selling a
2 buy back vehicle while the certificate of title is in the
3 possession of a manufacturer that obtained the certificate of title
4 under the manufacturer's buy back vehicle program. The manufacturer
5 shall mail the certificate of title to the dealer within 5 business
6 days after the manufacturer's receipt of a signed statement from
7 the purchaser of the vehicle acknowledging he or she was informed
8 by the dealer that the manufacturer acquired title to the vehicle
9 as the result of an arbitration proceeding, ~~pursuant to~~ **UNDER** a
10 customer satisfaction policy adopted by the manufacturer, or under
11 1986 PA 87, MCL 257.1401 to 257.1410, or a similar law of another
12 state.

13 (8) ~~(6)~~—This section does not prohibit a dealer from selling
14 an off lease vehicle while the certificate of title is in the
15 possession of a lessor. The lessor shall mail the certificate of
16 title to the dealer within 21 days after the lessor receives the
17 purchase price of the vehicle and any other fees and charges due
18 under the lease.

19 **(9) THIS SECTION DOES NOT PROHIBIT A DEALER FROM SELLING A**
20 **VEHICLE THAT IS SUBJECT TO AN INVENTORY LOAN WHILE THE CERTIFICATE**
21 **OF TITLE IS IN THE POSSESSION OF THE DEALER'S INVENTORY LENDER. THE**
22 **DEALER'S INVENTORY LENDER SHALL MAIL OR OTHERWISE DELIVER**
23 **POSSESSION OF THE CERTIFICATE OF TITLE TO THE DEALER OR DEALER'S**
24 **AUTHORIZED DESIGNEE NOT MORE THAN 5 DAYS AFTER THE DEALER'S**
25 **INVENTORY LENDER RECEIVES EITHER OF THE FOLLOWING:**

26 **(A) THE OUTSTANDING PRINCIPAL BALANCE AND ANY OTHER FEES AND**
27 **CHARGES DUE UNDER THE INVENTORY LOAN.**

1 (B) A SWORN WRITTEN STATEMENT FROM THE VEHICLE PURCHASER
2 EVIDENCING THE PURCHASER'S STATUS AS A BUYER IN THE ORDINARY COURSE
3 OF BUSINESS UNDER SECTION 9320 OF THE UNIFORM COMMERCIAL CODE, 1962
4 PA 174, MCL 440.9320, OR A SIMILAR LAW OF ANOTHER STATE.