

MICHIGAN VEHICLE CODE (EXCERPT)
Act 300 of 1949

257.217c Acquisition of salvage, distressed, or older model vehicles; issuance of salvage or scrap certificates of title; salvage vehicle inspections; sale of vehicles; notice of designation as salvage vehicle; removal of scrap vehicle from state; determination of repair and labor costs; vehicle inspection fee; audit; "actual cash value" defined.

Sec. 217c.

(1) The secretary of state may conduct periodic reviews of the records of a dealer to determine whether adequate notice is given to a transferee or lessee of a rebuilt salvage vehicle of that vehicle's prior designation as a salvage vehicle. The secretary of state may request an insurance company to provide copies of salvage title documents and claims reports involving major component parts to assist the secretary of state in monitoring compliance with this act.

(2) Except for a late model vehicle that has been stolen and recovered and that has no major component part removed, missing, or destroyed, or damaged and not salvageable, an insurance company licensed to conduct business in this state that acquires ownership of a late model vehicle through the payment of a claim shall proceed under either of the following:

(a) If the insurance company acquires ownership of the vehicle through payment of a claim, the owner of the vehicle must assign the certificate of title to the insurance company which shall do all of the following:

(i) Surrender a properly assigned certificate of title to the secretary of state.

(ii) If the estimated cost of repair, including parts and labor, is equal to or more than 75% but less than 91% of the predamaged actual cash value of the vehicle, apply for a salvage certificate of title, and if the estimated cost of repair, including parts and labor, is equal to or greater than 91% of the predamaged actual cash value of the vehicle, apply for a scrap certificate of title. The insurance company shall not sell the vehicle without first receiving a salvage or scrap certificate of title, which shall be assigned to the buyer. An insurance company may assign a salvage or scrap certificate of the title only to an automotive recycler, used or secondhand vehicle parts dealer, foreign salvage vehicle dealer, or vehicle scrap metal processor.

(b) If after payment of a total loss claim the insurance company permits the owner of the vehicle to retain ownership, the insurance company shall do all of the following:

(i) If the estimated cost of repair, including parts and labor, is equal to or greater than 75% but less than 91% of the predamaged actual cash value of the vehicle, require each owner of the vehicle to sign an application for a salvage certificate of title, or if the estimated cost of repair, including parts and labor, is equal to or greater than 91% of the predamaged actual cash value of the vehicle, require each owner of the vehicle to sign an application for a scrap vehicle certificate of title.

(ii) Attach the owner's certificate of title to the application for a salvage or scrap certificate of title or have the owner certify that the certificate of title is lost.

(iii) On behalf of the owner, apply to the secretary of state for a salvage or scrap certificate of title in the name of the owner. The owner shall not sell or otherwise dispose of the vehicle without first receiving a salvage or scrap certificate of title, which must be assigned to the buyer. An insurance company may assign a salvage or scrap certificate of title only to an automotive recycler, used or secondhand vehicle parts dealer, foreign salvage vehicle dealer, or vehicle scrap metal processor.

(3) If an insurance company pays a claim for total loss to the owner or lienholder of record as kept by the secretary of state, or both, if applicable, of a vehicle but the owner or lienholder of record as kept by the secretary of state fails to surrender the certificate of title or other document necessary for the transfer of ownership of the vehicle to the insurance company within the expiration of 30 days after the claim payment, the insurance company, without having obtained the surrender of the title or other document otherwise necessary for the transfer of ownership for the vehicle from the owner or lienholder of record as kept by the secretary of state, or both, if applicable, may apply to the secretary of state for a title as provided under this section. The insurance company shall, at the time of application, provide proof of the payment and that the insurance company has requested in writing, by certified mail or by another commercially available delivery service providing proof of delivery, on at least 2 separate occasions that the owner or lienholder of record as kept by the secretary of state surrender to the insurance company the certificate of title or other document necessary for the transfer of ownership to the insurance company. The application must be signed under the penalty of perjury. Subject to subsection (2)(a)(ii), upon meeting the requirements of this subsection, the secretary of state shall issue to the insurance company the appropriate certificate of title free of all liens. Proof of payment of the claim is satisfied only by 1 of the following:

(a) In the case of payment by check, either of the following:

(i) A copy of the front and back of the endorsed check.

(ii) Evidence that the check has cleared the account of the payer.

(b) In the case of payment by electronic transfer, evidence that the payment was charged to the account of the payer.

(4) Except as provided in subsection (3), if an insurance company acquires ownership of a vehicle other than a late model vehicle through payment of damages due to an accident, the company shall surrender a properly assigned title to the buyer upon delivery.

(5) If a dealer acquires ownership of a late model vehicle that is a distressed vehicle from an owner, the dealer shall receive an assigned certificate of title. If the assigned certificate of title is not a salvage or scrap certificate of title, the dealer, other than a vehicle scrap metal processor, shall surrender the assigned certificate of title to the secretary of state, and if the estimated cost of repair, including parts and labor, is equal to or greater than 75% but less than 91% of the predamaged actual cash value of the vehicle, apply for a salvage certificate of title, or if the estimated cost of repair, including parts and labor, is equal to or greater than 91% of the predamaged actual cash value of the vehicle, apply for a scrap certificate of title within 5 days after the dealer receives the assigned certificate of title. The dealer may sell a salvage vehicle to another automotive recycler, used or secondhand vehicle parts dealer, foreign salvage vehicle dealer, or vehicle scrap metal processor by assigning the salvage certificate of title to the buyer. Unless the vehicle is rebuilt, inspected, and recertified under this section, if the vehicle is sold to a buyer other than a dealer, application must be made for a salvage certificate in the name of the buyer in the manner provided in this act. The dealer may sell a scrap vehicle only to a vehicle scrap metal processor. A vehicle scrap metal processor shall surrender an assigned certificate of title to the secretary of state within 30 days after acquiring a vehicle for which a certificate of title was received. A vehicle scrap metal processor shall surrender an assigned salvage or scrap certificate of title to the secretary of state within 30 days after acquiring a vehicle for which a salvage or scrap certificate of title was received and report that the vehicle was destroyed or scrapped.

(6) An application for a scrap certificate of title must be made on a form prescribed by the secretary of state accompanied by a fee of \$15.00. The application must contain all of the following:

(a) The complete name and current address of the owner.

(b) A description of the vehicle, including its make, style of body, model year, fee category or weight, color, and vehicle identification number.

(c) If the vehicle is a late model vehicle, a listing of each major component part that was not salvageable.

(d) Further information as may reasonably be required by the secretary of state.

(7) The scrap certificate of title must authorize the holder of the document to transport but not drive on a highway the vehicle or parts of a vehicle, and assign ownership to a vehicle scrap metal processor, automotive recycler, used or secondhand vehicle parts dealer, or foreign salvage vehicle dealer. A certificate of title must not again be issued for this vehicle. A person shall not rebuild or repair a scrap vehicle and allow it to retain the original vehicle identification number.

(8) If a person, other than a dealer or insurance company that is subject to subsection (2) or (5), acquires ownership of a distressed, late model vehicle, the person must surrender the title or assigned certificate of title to the secretary of state, and if the estimated cost of repair, including parts and labor, is equal to or greater than 75% but less than 91% of the predamaged actual cash value of the vehicle, apply for a salvage certificate of title, or if the estimated cost of repair, including parts and labor, is equal to or greater than 91% of the predamaged actual cash value of the vehicle, apply for a scrap certificate of title before the vehicle may be transported.

(9) An owner of a vehicle may determine that a vehicle is a scrap vehicle or a salvage vehicle without making any determination as to the actual cash value of the vehicle.

(10) If a leasing company, vehicle manufacturer, insurance company not licensed to do business in this state, association, repossession company, self-insured owner, financial institution, governmental entity, or other company, institution, or entity, owns a distressed, late model vehicle, the titleholder shall surrender the title or assigned certificate of title to the secretary of state and apply for a salvage certificate of title if the retail cost of repair, including parts and labor, is equal to or greater than 75% but less than 91% of the predamaged actual cash value of the vehicle, or if the retail cost of repair, including parts and labor, is equal to or greater than 91% of the predamaged actual cash value of the vehicle, apply for a scrap certificate of title, before the vehicle may be transported or sold. If ownership is transferred, the owner must sell the vehicle only to a dealer that is eligible to buy a salvage or scrap vehicle in this state unless the owner complies with subsection (13). When a leasing company, vehicle manufacturer, insurance company not licensed to do business in this state, association, repossession company, self-insured owner, financial institution, governmental entity, or other company, institution, or entity, estimates the repair of a distressed, late model vehicle for the purpose of determining whether to apply for a salvage or scrap certificate of title, a complete record of the estimate and, if the vehicle is repaired before a transfer of ownership, a complete record of the actual cost of the repairs performed and who performed the repairs must be maintained for a minimum of 5 years by the leasing company, vehicle manufacturer, insurance company not licensed to do business in this state, association, repossession company, self-insured owner, financial institution, governmental entity, or other company, institution, or entity. The estimates and repair records required by this subsection must be available for unannounced inspections by a law enforcement agency or a representative of the secretary of state. The secretary of state may request a leasing company, vehicle manufacturer, insurance company not licensed to do business in this state, association, repossession company, self-insured owner, financial institution,

governmental entity, or other company, institution, or entity to provide copies of title documents, repair estimates, claims reports involving major component parts, and actual cash value determination documents to assist the secretary of state in monitoring compliance with this act.

(11) An application for a salvage certificate of title must be made on a form prescribed by the secretary of state accompanied by a fee of \$10.00. The application must contain all of the following:

- (a) The complete name and current address of the owner.
- (b) A description of the vehicle, including its make, style of body, model year, fee category or weight, color, and vehicle identification number.
- (c) An estimate of the cost repair, including parts and labor, and an estimate of the predamaged actual cash value of the vehicle.
- (d) If the vehicle is a late model vehicle, a listing of each major component part that was not salvageable.
- (e) Further information as may reasonably be required by the secretary of state.

(12) The secretary of state shall issue and mail the salvage certificate within 5 business days after the time the application is received at the secretary of state's office in Lansing. Each salvage certificate of title must include a listing of each major component part that was not salvageable.

(13) A salvage certificate of title authorizes the holder of the title to possess, transport, but not drive on a highway, and transfer ownership in, a vehicle. The secretary of state shall not issue a certificate of title or registration plates for a vehicle for which a salvage certificate of title was issued unless a specially trained officer described in subsection (15) certifies all of the following:

- (a) That the vehicle identification numbers and parts identification numbers are correct.
- (b) That the applicant has proof of ownership of repair parts used.
- (c) That the vehicle complies with the equipment standards of this act.
- (d) That any repairs performed on the vehicle were done in a workmanlike manner, as certified on a form provided by the department by a properly licensed mechanic in the appropriate specialty. A properly licensed mechanic described in this subdivision must not be the same individual as the specially trained officer making the certification of the vehicle as required under this subsection.

(14) The certification required by subsection (13) must be made on a form prescribed and furnished by the secretary of state in conjunction with the department of state police and must accompany the application that is submitted to the secretary of state for a certificate of title. An application for a certificate of title must contain a description of each salvageable part used to repair the vehicle and any identification number affixed to or inscribed on the part as required by state or federal law. Upon satisfactory completion of the inspection as required by the secretary of state and other requirements for application, the secretary of state shall issue a certificate of title for the vehicle bearing the legend "rebuilt salvage".

(15) An officer specially trained as provided by the secretary of state and authorized by the secretary of state to conduct a salvage vehicle inspection is any of the following:

- (a) An employee of the department of state.
- (b) An on-duty or off-duty police officer.
- (c) A previously certified police officer who is appointed by the local police agency as a limited enforcement officer to conduct salvage vehicle inspections. The local police agency shall give this officer access to the agency's law enforcement information network system and the authority to confiscate any stolen vehicle or vehicle parts discovered during an inspection. The local police agency may give the officer the authority to arrest a person suspected of having unlawful possession of a stolen vehicle or vehicle parts. The local police agency shall not appoint a previously certified police officer whose certificate has been suspended, revoked, or denied under subsection (16).

(16) The secretary of state shall issue a certificate to an officer who is specially trained as provided by the secretary of state to conduct salvage vehicle inspections. Only a person who has a valid certification from the secretary of state may perform salvage inspections. The secretary of state on the secretary of state's own initiative or in response to complaints shall make reasonable and necessary public or private investigations within or outside of this state and gather evidence against an officer who was issued a certificate and who violated or is about to violate this act or a rule promulgated under this act. Subject to subsection (17), the secretary of state may suspend, revoke, or deny a certificate after an investigation if the secretary of state determines that the officer committed 1 or more of the following:

- (a) Violated this act or a rule promulgated under this act.
- (b) Was, after an investigation, found responsible for a fraudulent act in connection with the inspection, purchase, sale, lease, or transfer of a salvage vehicle.
- (c) Was found guilty of the theft, embezzlement, or misappropriation of salvage vehicle inspection fees.
- (d) Performed improper, careless, or negligent salvage vehicle inspections.
- (e) Ceased to function as a police officer because of suspension, retirement, dismissal, disability, or termination of employment.
- (f) Was convicted of a violation or attempted violation of 1986 PA 119, MCL 257.1351 to 257.1355.
- (g) Made a false statement of a material fact in the officer's certification of a salvage vehicle inspection or any

record concerning a salvage vehicle inspection.

(h) Charged a fee in excess of the fee described in subsection (26).

(17) If the secretary of state revokes, suspends, or denies a certificate under subsection (16)(a), (d), (g), or (h), the secretary of state shall, at the time of revocation, suspension, or denial, notify the officer and the law enforcement agency on behalf of which the officer is performing inspections of the law enforcement agency's right to appeal the revocation, suspension, or denial. The notification must include a statement that a request for an appeal under this subsection must be made no later than 30 days after the revocation, suspension, or denial. An agency making an appeal under this subsection may request a hearing at the time the appeal is made. The secretary of state or any person designated by the secretary of state to act in the secretary of state's place shall deny or grant an appeal made under this subsection within a reasonable period, in writing or stated in the record if a hearing is held. If the secretary of state revokes a certificate under subsection (16)(a), (d), (g), or (h) and denies an appeal of the revocation under this subsection, the officer may apply for a new certificate no earlier than 5 years after the revocation.

(18) Upon receipt of the appropriate abstract of conviction from a court and without any investigation, the secretary of state shall immediately revoke the certificate of an officer who has been convicted of a violation or attempted violation of section 413, 414, 415, 535, 535a, or 536a of the Michigan penal code, 1931 PA 328, MCL 750.413, 750.414, 750.415, 750.535, 750.535a, and 750.536a, or has been convicted in federal court or in another state of a violation or attempted violation of a law substantially corresponding to 1 of those sections.

(19) If a dealer acquires ownership of an older model vehicle from an owner, the dealer shall receive an assigned certificate of title and shall retain it as long as the dealer retains the vehicle. A vehicle scrap metal processor shall surrender an assigned certificate of title to the secretary of state within 30 days after the vehicle is destroyed or scrapped.

(20) A dealer selling or assigning a vehicle to a vehicle scrap metal processor shall make a record in triplicate on a form to be provided by the secretary of state in substantially the following form:

Scrap Vehicle

Inventory:

SELLER: Dealer name

Dealer address

Dealer license number

PURCHASER: Conveyed to: _____

Date _____

(Vehicle scrap metal processor)

Dealer address

Dealer license number

Vehicles

Dealer's

Stock

Model Year

Vehicle Make

VIN Title Number Number Color

1. _____

2. _____

3. _____

etc.

One copy must be retained as a permanent record by the dealer, 1 copy must be forwarded with the vehicle to be retained by the vehicle scrap metal processor, and 1 copy must be forwarded to the secretary of state.

(21) A person, other than an automotive recycler, used or secondhand vehicle parts dealer, or a foreign salvage dealer, receiving a salvage certificate of title shall not sell the vehicle to anyone other than 1 of the following:

(a) The vehicle's former owner.

(b) A used or secondhand vehicle parts dealer.

(c) A vehicle scrap metal processor.

(d) A foreign salvage vehicle dealer licensed under this act.

(e) An automotive recycler.

(22) A person receiving a scrap certificate of title shall not sell the vehicle to anyone other than 1 of the following:

- (a) An automotive recycler.
- (b) A vehicle scrap metal processor.
- (c) A foreign salvage vehicle dealer licensed under this act.
- (d) A used or secondhand vehicle parts dealer.

(23) The secretary of state may conduct periodic reviews of the records of a dealer to determine whether adequate notice is given to a transferee or lessee of a rebuilt salvage vehicle of that vehicle's prior designation as a salvage vehicle. The secretary of state may request an insurance company to provide copies of salvage title documents and claims reports involving major component parts to assist the secretary of state in monitoring compliance with this act.

(24) A licensed automotive recycler, used or secondhand vehicle parts dealer, vehicle scrap metal processor, vehicle salvage pool operator, distressed vehicle transporter, foreign salvage vehicle dealer, or broker that has removed a scrap vehicle from this state for the purpose of rebuilding the vehicle or selling or leasing the vehicle to a person other than a vehicle scrap metal processor, shall receive an automatic suspension of its dealer license and of any salvage vehicle agent's license assigned to that dealer for a period of 30 days. Upon receipt by the secretary of state of a written request from the dealer, the dealer shall have the right to an immediate hearing on the matter within that 30-day period.

(25) For the purpose of this section, the estimated costs of the repair parts must be determined by using the current published retail cost of original manufacturer equipment parts or an estimate of the actual cost of the repair parts. The estimated labor costs must be computed by using the hourly rate and time allocations that are reasonable and commonly assessed in the repair industry in the community where the repairs are performed.

(26) A police agency shall charge a fee for an inspection of a vehicle under subsection (13). Each local authority with a police agency shall determine the amount of the fee for inspections by that police agency, that must not exceed \$100.00. Except as otherwise provided in this subsection, a fee collected under this subsection must be deposited with the local authority for that police agency. The records of the local authority regarding the collection and disposition of inspection fees is subject to review or audit by the local unit of government and must be made available upon request to the department. If an inspection was conducted by an employee of the department of state, the fee must be deposited with the department of state. A fee collected by a local authority must be used for law enforcement purposes related to stolen vehicles, including, but not limited to, equipment and road patrol services that increase the likelihood of recovering stolen vehicles or stolen vehicle parts, and salvage vehicle inspections. A fee collected by the department of state must be used by the department for the administration of the salvage vehicle inspection program and must not lapse to the general fund. A local police agency may compensate an off-duty and limited enforcement police officer for a salvage vehicle inspection.

(27) For the purpose of this section, "actual cash value" means the retail dollar value of a vehicle as determined by an objective vehicle evaluation using local market resources such as dealers or want ads or by an independent vehicle evaluation or vehicle appraisal service or by a current issue of a nationally recognized used vehicle guide for financial institution appraisal purposes in this state.

History: Add. 1978, Act 507, Eff. July 1, 1979 ;-- Am. 1987, Act 238, Imd. Eff. Dec. 28, 1987 ;-- Am. 1988, Act 255, Eff. Oct. 1, 1989 ;-- Am. 1990, Act 96, Eff. Jan. 1, 1991 ;-- Am. 1992, Act 118, Imd. Eff. June 26, 1992 ;-- Am. 1992, Act 304, Imd. Eff. Dec. 21, 1992 ;-- Am. 1993, Act 300, Eff. Jan. 1, 1994 ;-- Am. 2002, Act 642, Eff. Jan. 1, 2003 ;-- Am. 2015, Act 48, Eff. Sept. 7, 2015 ;-- Am. 2016, Act 369, Eff. Mar. 22, 2017 ;-- Am. 2018, Act 108, Eff. July 4, 2018 ;-- Am. 2022, Act 224, Eff. Jan. 23, 2023

Compiler's Notes: For effective date of increases in certain fees, charges or taxes provided by this section, see MCL 257.817(1).