

DEPARTMENT OF STATE
BUREAU OF DRIVER AND VEHICLE RECORDS
WATERCRAFT TITLING

(By authority conferred on the secretary of state by section 2 of Act No. 160 of the Public Acts of 1976, as amended, being S281.1202 of the Michigan Compiled Laws)

R 281.2201 Definitions.

Rule 1. As used in the act and these rules:

(a) "Act" means Act No. 160 of the Public Acts of 1976, as amended, being S281.1201 et seq. of the Michigan Compiled Laws.

(b) "Amphibious vehicle" means a vehicle by which a person or object may be propelled both on water and on a highway or street on land.

(c) "Certificate of title" means the certificate of title for a watercraft, unless the context requires otherwise.

(d) "Dealer" means a person who engages in the retail sale of watercraft for profit and who possesses a Michigan sales tax license and includes any employee, servant, or agent of the dealer.

(e) "Hull identification number" means, with regard to watercraft manufactured after December 31, 1974, a 12-character number beginning with 3 characters representing a state's or manufacturer's code as developed by the United States coast guard. With regard to watercraft manufactured on or before December 31, 1974, the term means a number consisting of any number of characters intended to serve as a unique identifier for a watercraft.

(f) "Liens" and "lienholders" do not include maritime liens or the holder thereof pursuant to Public Law 69-806, 46 U.S.C. S971 et seq.

(g) "Operation of law" includes transfer of ownership of a watercraft by means of a marshal's sale following foreclosure of a maritime lien.

(h) "Right, claim, or interest in watercraft" does not include a maritime lien arising under Public Law 69-806, U.S.C. S971 et seq.

(i) "Secretary of state" includes employees of the department of state.

(j) "Security interest" includes an interest granted by a combination agreement covering more than 1 watercraft or combination of watercraft and other vehicles or property.

History: 1980 AACCS.

R 281.2202 Michigan hull identification numbers.

Rule 2. (1) An application for a Michigan hull identification number shall be accompanied by proof of watercraft ownership. Proof of ownership consists of any of the following materials:

(a) A certificate of title issued by another state.

(b) A bill of sale for a watercraft or the materials from which a watercraft was made.

(c) A past or current watercraft registration.

(d) A certified statement of ownership.

(e) Other evidence of ownership, such as a court order or legal instrument.

(2) Upon assignment of a Michigan hull identification number, the applicant, or another person at the applicant's request, shall affix the number to the outboard side of the watercraft transom or, in the absence of a transom, to the outermost starboard side of the watercraft at the end of the hull that bears the rudder or other steering mechanism and above the waterline in such a way that alteration, removal, or replacement would be obvious and evident. The number shall be affixed permanently by carving, burning, stamping, engraving, embossing, or similar means, including nonremovable riveting or welding. The characters of the number shall be not less than 1/4 inch in height.

History: 1980 AACCS.

R 281.2203 Application for title; amphibious vehicles.

Rule 3. The owner of an amphibious vehicle that is required to be titled in this state shall apply only for a certificate of vehicle title and need not obtain a certificate of watercraft title.

History: 1980 AACCS.

R 281.2204 Application for title; abandoned watercraft.

Rule 4. (1) A person claiming an abandoned watercraft may apply for a certificate of title. The application for title shall be accompanied by a certified or true copy of a court order which indicates that the applicant is the legal owner of the watercraft.

(2) Upon receipt of the documents described in subrule (1) of this rule and the fees prescribed in section 10 of the act, the secretary of state shall issue a certificate of title to the applicant.

History: 1980 AACCS.

R 281.2205 Application for title; transfer without probate.

Rule 5. (1) Upon the death of an owner of 1 or more watercraft whose total value does not exceed \$2,500.00, who does not leave other property necessitating probate, and who does not have a will, the spouse or heirs of the decedent specified in section 106 of Act No. 642 of the Public Acts of 1978, being S700.106 of the Michigan Compiled Laws, may apply for a certificate of title.

(2) The application shall be accompanied by all of the following:

(a) A certified statement setting forth the relationship of the applicant to the decedent and the fact of heirship.

(b) A Copy of the decedent's death certificate.

(c) A certified statement setting forth the names and address of any other immediate heirs.

(d) A certified statement stating that creditors of the decedent do not exist or, if they do exist, an original discharge or termination statement executed by each creditor.

History: 1980 AACCS.

R 281.2206 Application for title; contents.

Rule 6. When a watercraft is transferred by means of sale, an application for a certificate of title shall contain, in addition to the information required by the act, the following information:

(a) The date of the sale.

(b) The full purchase price or retail dollar value of the sale, including the value of an outboard motor or other item attached to or kept on the watercraft and transferred as part of the sale.

History: 1980 AACCS.

R 281.2207 Application for title; dealer transferees.

Rule 7. (1) If a watercraft is currently titled and is transferred to a dealer who holds it for resale, the dealer shall obtain and retain in dealership records an assigned certificate of title from the transferor. The dealer need not apply for a certificate of title in the dealer's name, but upon transfer of the watercraft, shall reassign the existing certificate of title and make application for a new title in the transferee's name as provided in section 6 of the act.

(2) If a watercraft is not currently titled and is transferred to a dealer who holds it for resale, the dealer shall, upon transfer of the watercraft, apply for a certificate of title to the watercraft in the transferee's name as provided in section 6 of the act.

History: 1980 AACCS.

R 281.2208 Application for title; stolen and lost watercraft.

Rule 8. (1) Upon receipt of an application for an original or duplicate certificate of title, the secretary of state shall compare the hull identification number indicated on the application against available records of titled, stolen, and lost watercraft.

(2) If an application is filed concerning a titled watercraft believed or listed as stolen or lost, the secretary of state may so notify the department of state police.

(3) The secretary of state shall not issue a certificate of title concerning a titled watercraft believed or listed as stolen or lost until the legal ownership of the watercraft has been verified.

History: 1980 AACCS.

R 281.2209 Application for title; investigation.

Rule 9. The secretary of state may conduct a reasonable investigation to determine whether any 1 of the following exists:

(a) Information submitted in connection with an application for a certificate of title or assignment of a hull identification number is false or fictitious.

(b) A certificate of title has been improperly issued.

(c) A purported certificate of title is counterfeit or fictitious.

History: 1980 AACCS.

R 281.2210 Certificate of title; refusal to issue.

Rule 10. The secretary of state shall refuse to issue a certificate of title if any 1 of the following exists:

(a) The application for title contains a false or fraudulent statement.

(b) The applicant fails to furnish information required by the act or these rules or reasonable additional information as requested.

(c) The applicant is not entitled to a certificate of title under the act.

(d) There are reasonable grounds to believe that the watercraft was stolen or otherwise illegally obtained.

(e) The fee required by section 10 of the act has not been paid.

(f) The secretary of state is not satisfied with the truth of any statement made in connection with the application or the genuineness, regularity, or legality of the transaction.

History: 1980 AACCS.

R 281.2211 Certificate of title; issuance; bond.

Rule 11. (1) If the secretary of state is not satisfied as to the ownership of a watercraft upon application for a certificate of title, the secretary of state may require the applicant to file a properly executed surety bond issued by a company authorized to conduct a surety business in this state. The bond shall be in an amount equal to twice the value of the watercraft as determined by the secretary of state and shall be conditioned to indemnify and reimburse the secretary of state, prior owners, and subsequent purchasers of the watercraft and their successors in interest for expenses or damages incurred, including reasonable attorney fees, on issuance of a certificate of title to the watercraft. An interested person has a right of action for recovery on the bond for breach of its conditions, but the aggregate liability of the surety to all persons shall not exceed the amount of the bond. The bond shall be returned at the end of 3 years.

(2) Upon receipt of the surety bond, the secretary of state shall issue a certificate of title to the applicant.

History: 1980 AACCS.

R 281.2212 Certificate of title; improper issuance.

Rule 12. A certificate of title shall be deemed improperly issued when any 1 of the following exists:

- (a) A misstatement or inaccuracy appears on the face of the certificate of title.
- (b) The applicant for the certificate of title uses a false or fictitious name, indicates a false or fictitious address, or makes a false statement in an application, affidavit, or other document submitted to the secretary of state in connection with the application for the certificate of title.
- (c) The certificate of title is issued to the wrong person or to a person who is not legally entitled to receive it.

History: 1980 AACS.

R 281.2213 Certificate of title; surrender; destruction.

Rule 13. (1) The secretary of state shall take possession of a certificate of title that is issued or purportedly issued under this act when the certificate is counterfeit or fictitious, when it has been improperly issued, or when it has been cancelled. The secretary of state may destroy a faulty, fictitious, defective, or cancelled certificate of title upon its receipt.

(2) The holder of a certificate of title to a watercraft which has been transferred by operation of law, as upon inheritance, devise, bequest, order in bankruptcy, insolvency, replevin, or execution of sale, which is sold to satisfy storage or repair charges, or which is repossessed upon default in the performance of the terms of a security agreement shall mail or deliver the certificate to the secretary of state upon request.

(3) The holder of a certificate of title to a watercraft may, if the holder voluntarily subjected the watercraft to the provisions of the act, return the certificate of title to the secretary of state for cancellation. A voluntary request for cancellation of title shall be accompanied by a certified statement indicating that creditors do not exist. If creditors do exist, the voluntary request for cancellation shall be accompanied by an original discharge or termination statement executed by each creditor.

History: 1980 AACS.

R 281.2214 Certificate of title; delivery to designated person.

Rule 14. Upon issuance by the secretary of state, a certificate of title shall be delivered or mailed to the owner or to another person designated by the owner to receive the certificate. Designation shall be by separate instrument in a form prescribed by the secretary of state.

History: 1980 AACS.

R 281.2215 Certificate of title; change of name.

Rule 15. (1) The holder of a certificate of title, within 15 days after a change of name, shall do all of the following:

- (a) Notify the secretary of state of the change.
- (b) File an application for title reflecting the change.
- (c) Submit the fee prescribed in section 10 of the act.
- (d) Surrender the previously issued certificate of title.

(2) Upon receipt of the materials described in subrule (1) of this rule, the secretary of state shall issue a new certificate and shall mail it to the holder.

History: 1980 AACS.

R 281.2216 Security interest; notation on application for title.

Rule 16. (1) When a security interest is created or assigned, the owner, secured party, or dealer may present the following materials to the secretary of state:

- (a) A properly completed application for certificate of title.
 - (b) The fee prescribed by section 10 of the act.
 - (c) The current certificate of title to the watercraft.
 - (d) A copy of the application, which need not be signed or notarized.
- (2) Upon receipt of the materials described in subrule (1) of this rule, the secretary of state shall do both of the following:
- (a) Indicate the date and place of filing on the copy of the application and return the copy to the secured party.
 - (b) Issue a new certificate of title and mail it to the owner.

History: 1980 AACs.

R 281.2217 Security interest; retention of records.

Rule 17. The owner of a watercraft or a secured party may extend the term during which records of a title and notations of security interests are retained by the secretary of state for additional 10-year periods. A request for extension shall be made in an application for a certificate of title which is accompanied by the fee prescribed in section 10 of the act.

History: 1980 AACs.

R 281.2218 Security interest; enforcement.

Rule 18. If the interest of the owner of a watercraft is terminated by enforcement of a security agreement, the transferee shall file all of the following items with the secretary of state:

- (a) The certificate of title, if in possession.
- (b) An application for a new certificate of title.
- (c) An affidavit which indicates that the watercraft was repossessed, that the interest of the owner was terminated by enforcement of the security agreement, and whether the outstanding certificate of title has been filed, or if not filed, the reasons why not, and the location of the certificate of title, if known.

History: 1980 AACs.

R 281.2219 Commercial look up service.

Rule 19. (1) The secretary of state shall look up watercraft title records for a fee. The fee for this research service shall be provided by statute.

(2) A copy of a record looked up pursuant to subrule (1) of this rule shall be certified upon request for \$1.00.

History: 1980 AACs.