In light of the upcoming implementation of the Electronic Lien and Title (ELT) program, The Michigan Department of State has been asked to recommend a best practice regarding the application of title for financed motor vehicles.

To ensure proper placement of the lender’s secured interest the Department of State suggests that the Michigan application for vehicle title (TR-11) be completed by the lending institution and be included for vehicle purchaser’s signature as part of the loan origination paperwork. In addition, the secured interest information can also be completed on the ownership reassignment section on the existing title. The title application may be found on the department’s website here:

<https://www.michigan.gov/documents/tr-11L_16050_7.pdf>

Furthermore, the Department of State highly recommends that in addition to having the customer complete the application for title, the lending institution should also be submitting the application and above materials to the department on behalf of the customer. **This is a vital final step in ensuring that the security interest is properly placed on the vehicle title record**.

If a lender chooses to complete the application process for their customer, the following materials are required to accompany the application for title:

1. In addition to the completed application for title, the TR-11 must be accompanied by a current existing title, that has been properly assigned/completed. This includes signature from seller as well as completed odometer disclosure.
2. If applicable, there must also be a release of lien for the previous title. If previous title shows secured interest, there must be release of lien in the form of accompanying letter on financial institution’s letterhead, or release of lien on face of previous title.
3. Please note that tax will be collected as vehicle owners are required to submit a tax payment in the amount of 6% on the price paid for the vehicle with the application for title. This is in addition to the $16 title fee ($15 title fee + $1 lien placement fee).

Without collecting and submitting the above materials, the lender is left vulnerable regarding the proper placement of their lien, as they are depending on the borrower to complete the process. As such, in order to verify that the Department of State is being presented with the correct lienholder information, it is in the lender’s best interest to submit the application on behalf of the vehicle purchaser.