

Date of Hearing: April 20, 2026

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 2280 (Johnson) – As Amended April 13, 2026

SUBJECT: Vehicle liens

SUMMARY: Authorizes a repossession agency to file a lien against a vehicle if a lien is not in place. Specifically, **this bill**:

- 1) Specifies that if a lien is in place, and the lienholder affirmatively waives the right to the lien in writing, or does not respond to a request for waiver, a repossession agency may file the lien on behalf of the repossession agency.
- 2) If a repossession agency requests a waiver from a lien from the lienholder by certified mail and does not receive a response within 30 days from the date on which the request was delivered, the lien shall be deemed waived.

EXISTING LAW:

- 1) Establishes the Collateral Recovery Act (Act) to provide for Bureau of Security and Investigative Services (BSIS or Bureau) within the Department of Consumer Affairs to regulate repossession agencies and repossessioners. (Business and Professions Code section [BPC] 7500 *et seq.*)
- 2) Defines an “Assignment” or “repossession order” as any written authorization by the legal owner, lienholder, lessor, lessee, or registered owner, or the agent of any of them, to skip trace, locate, or repossess any collateral, including, but not limited to, collateral registered under the Vehicle Code that is subject to a security agreement that contains a repossession clause. Defines “Assignment” or “repossession order” to also mean any written authorization by an employer to recover any collateral entrusted to an employee or former employee in possession of the collateral. Assigns a photocopy of an assignment or repossession order, facsimile copy of an assignment or repossession order, or electronic format of an assignment or repossession order the same force and effect as an original written assignment or repossession order. (BPC 7500.1(b))
- 3) Defines collateral as any specific vehicle, trailer, boat, recreational vehicle, motor home, appliance, or other property that is subject to a security agreement. (BPC 7500.1(e))
- 4) Defines a repossession agency as any person who, for any consideration whatsoever, engages in business or accepts employment to locate or recover collateral, whether voluntarily or involuntarily, including, but not limited to, collateral registered under the provisions of the Vehicle Code which is subject to a security agreement, with specified exclusions. (BPC 7500.2)
- 5) Prohibits any person from engaging in the activities of a repossession agency as defined in Section 7500.2 unless the person holds a valid repossession agency license from the Bureau or is exempt from licensure pursuant to BPC 7500.2 or 7500.3. (BPC 7502)

- 6) Requires every person entering the employ of, or contracting with, a licensee or multiple licensees to complete an application for an initial registration or a reregistration and file the appropriate application with the Bureau within 15 working days after the commencement of employment or contracted services for the licensee or multiple licensee for whom the applicant is employed or contracted. (BPC 7506.3)
- 7) Provides that any person who violates any provision of the Act, or who conspires with another person to violate any provision of this chapter, or who knowingly engages a nonexempt unlicensed person to repossess collateral on that person's behalf is guilty of a misdemeanor, and is punishable by a fine of five thousand dollars (\$5,000), or by imprisonment in the county jail for not more than one year, or by both the fine and imprisonment. (BPC 7502.1(a))
- 8) Requires personal effects to be removed from the collateral, including any personal effect that is mounted but detachable from the collateral by a release mechanism. Requires a complete and accurate inventory of the personal effects to be made, and the personal effects to be labeled and stored by the licensee for a minimum of 60 days in a secure manner, except those personal effects removed by or in the presence of the debtor or the party in possession of the collateral at the time of the repossession. Requires the licensee or agent to note on the inventory if the licensee or the licensee's agent cannot determine whether the property attached to the collateral is a personal effect or a part of the collateral and relieves the licensee or agent from the obligation to remove the item from the collateral, unless the item can be removed without the use of tools, in which case it shall be removed and inventoried. Requires the licensee or the licensee's agent to notify the debtor that if the debtor takes the position that an item is a personal effect, then the debtor shall contact the legal owner to resolve the issue. (BPC 7507.9)
- 9) Requires the repossession agency to receive written authorization from the debtor to release personal effects or other personal property not covered by a security agreement to someone other than the debtor. (BPC 7507.9(i))
- 10) Prohibits a licensee from selling personal effects or other personal property not covered by a security agreement and remitting money from the sale to a third party, including, but not limited to, any lending institution. (BPC 7507.9(j))
- 11) Requires the inventory to be a confidential document. Allows a licensee to disclose the contents of the inventory only under the following circumstances:
 - a) In response to the order of a court having jurisdiction to issue the order;
 - b) In compliance with a lawful subpoena issued by a court of competent jurisdiction;
 - c) When the debtor has consented in writing to the release and the written consent is signed and dated by the debtor subsequent to the repossession and states the entity or entities to whom the contents of the inventory may be disclosed; or,
 - d) To the debtor. (BPC 7507.9(k))
- 12) Requires a licensed reposessor to serve a debtor with a notice of seizure as soon as possible after the recovery of collateral and not later than 48 hours, with specified exceptions, after the repossession of collateral. Requires the notice to include specified information and

disclosures including a disclosure of the charges payable by the debtor to the repossession agency for the storage of the collateral and personal effects from the date of repossession until release of the property from storage. (BPC 75070.10(a)(6))

- 13) Prohibits a storage fee for the first week on any personal effects. (BPC 7507.125)
- 14) Provides a framework for filing vehicle liens, the circumstances under which a lien may be filed, and identifies who may file a lien. (Civil Code (CIV) 3067-3074)
- 15) Prohibits any tow yard, impounding agency, or governmental agency, or any person acting on behalf of those entities, from refusing to release a vehicle or other collateral to anyone that is legally entitled to that vehicle or other collateral, except when the vehicle is being held for evidence by law enforcement or a prosecuting attorney. (Vehicle Code [VEH] 10856(b))
- 16) Defines a legal owner as a motor vehicle dealer, bank, credit union, acceptance corporation, or other licensed financial institution legally operating in this state or is another person, not the registered owner, holding a security interest in the vehicle. (VEH 14602.6(f)(1), VEH 14602.7(e)(1) and VEH 14602.8(f)(1))
- 17) Allows a vehicle removed and seized by a peace officer for driving a vehicle while his or her driving privilege was suspended or revoked, driving a vehicle while his or her driving privilege is restricted and the vehicle is not equipped with a functioning, certified interlock device, or driving a vehicle without ever having been issued a driver's license to be released to the legal owner of the vehicle or the legal owner's agent before the end of the impoundment period if the legal owner or the legal owner's agent provides to the law enforcement agency, impounding agency, person in possession of the vehicle, or any person acting on behalf of those agencies:
 - a) A copy of the assignment, as defined in BPC 7500.1(b);
 - b) A release from the one responsible governmental agency, only if required by the agency;
 - c) A government-issued photographic identification card; and,
 - d) One of the following as determined by the legal owner or the legal owner's agent, to show proof of legal ownership for the vehicle:
 - i) A certificate of repossession for the vehicle;
 - ii) A security agreement for the vehicle; or.
 - iii) The title. (VEH 14602.6(f)(3)(A))
- 18) Prohibits a law enforcement agency, impounding agency, or other governmental agency, or any person acting on behalf of those agencies, from requiring any documents other than those specified by VEH 14602.6(f). (VEH 14602.6(f)(3)(B))

- 19) Allows a vehicle removed and seized by a peace officer for evading or fleeing the police, exhibiting wanton disregard for the safety of persons or property while fleeing, causing bodily injury while fleeing, recklessly driving, racing, or engaging in exhibition of speed to be released to the legal owner of the vehicle or the legal owner's agent before the end of the impoundment period if the legal owner or the legal owner's agent presents, to the law enforcement agency, impounding agency, person in possession of the vehicle, or any person acting on behalf of those agencies:
- a) A copy of the assignment, as defined in BPC 7500.1(b);
 - b) A release from the one responsible governmental agency, only if required by the agency;
 - c) A government-issued photographic identification card; and,
 - d) One of the following, as determined by the legal owner or the legal owner's agent to show ownership of the vehicle:
 - i) A certificate of repossession for the vehicle;
 - ii) A security agreement for the vehicle; or.
 - iii) The title. (VEH 14602.7(e)(3)(A))
- 20) Prohibits a law enforcement agency, impounding agency, or other governmental agency, or any person acting on behalf of those agencies, from requiring any documents other than those specified by VEH 14602.7(e). (VEH 14602.6 (e)(3)(B))
- 21) Allows a vehicle removed and seized by a peace officer for driving after convicted of driving with a blood alcohol content of .05 percent or more by weight while under the age of 21, driving with a blood alcohol content of .08 percent or more, or to cause bodily injury to any person other than the driver while having a blood alcohol content of .08 percent or more, as specified, to be released to the agent of the legal owner of the vehicle or the legal owner's agent before the end of the impoundment period if the agent presents a photocopy or facsimile copy of its repossession agency license or registration issued by the Bureau. (VEH 14602.8(f)(3)(C))
- 22) Prohibits a law enforcement agency, impounding agency, or other governmental agency, or any person acting on behalf of those agencies, from requiring any documents other than those specified by VEH 14602.8(f). (VEH 14602.8(f)(3)(D))

FISCAL EFFECT: Unknown

COMMENTS: *BSIS and collateral recovery.* A repossession agency contracts with a legal owner (e.g., credit grantor of personal property) to locate and/or recover property sold under a security agreement. The most common property recovered is a motor vehicle. Each repossession agency licensee must designate a person, who is associated with the license in the Bureau of Security and Investigative Services' (Bureau) records, to serve as the qualified manager. The qualified manager is responsible for managing and directing the day-to-day activities of the licensed business, and may be the licensee, an agent of the licensee (e.g., officer of a corporation), or any other person designated by the licensee to serve in this capacity. A repossession agent is the employee of the repossession agency whose duties entail locating and recovering the property.

The Act specifies that a repossession agency must hold a repossession agency license, persons serving as the qualified manager must hold a qualified manager certificate, and employees of a repossession company who locate and repossess property must hold a repossession agent registration issued by the Bureau.

Repossessors filing liens. Under existing law, once a vehicle has been repossessed, a repossession agency may not release the vehicle unless expressly authorized to do so by the legal owner. However, in many cases, after determining that a repossessed vehicle is not worth sending to auction, the legal owner abandons the vehicle on the repossession agency's lot, leaving repossession agencies burdened with the indefinite storage of unclaimed vehicles. Civil Code Section 3067-3074 establishes a process for filing liens on vehicles, however some repossession agencies report being told by the Department of Motor Vehicles that they are not permitted to file such liens. This bill clarifies that the repossession agency can file a lien under the Civil Code.

According to the author, "AB 2280 is a simple clarification bill that ensures licensed repossession agencies can lien sale vehicles that are no longer wanted by the original lienholder or financial institution that requested repossession. This codifies an existing practice that had been in place for decades, until a change in DMV policy starting in 2024. Without this change, licensed repossession agencies are stuck with unwanted repossessed vehicles on their lots indefinitely. As recently amended, AB 2280 strikes the necessary balance between mere clarification of law and protection of private property rights for financial institutions and consumers."

The California Association for Licensed Repossessors, *the sponsors of this bill*, argue, "For years, the DMV allowed repossession companies to lien sale vehicles that were abandoned by the registered owners of the vehicle and legal owners of the vehicle (banks or finance companies) and were being stored on the repossession company private property lots. In 2024, the DMV abruptly disallowed repossession companies from filing these liens on the vehicles without explanation or a change in statute. As a result, repossession companies now have abandoned vehicles sitting in storage on their lots that they have no means of disposing of. This clarification of statute will ensure that the proper procedures of lien sales are followed, giving legal and registered owners' opportunity to dispute any proposed sale, if desired, while also giving a repossessioner a means of disposing of undisputed abandoned vehicles."

Previous Legislation. SB 382 (Strickland) of 2025 included a similar provision as this bill to clarify that repossessioners can file a lien for a vehicle. That bill died in Senate Business, Professions Committee.

Support

California Association of Licensed Repossessors (sponsors)

Opposition

None on file

Analysis Prepared by: David Sforza / TRANS. / (916) 319-2093