
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 774 (Bauer-Kahan) - Civil actions: enforcement of judgments

Version: June 27, 2025

Urgency: No

Hearing Date: August 18, 2025

Policy Vote: JUD. 13 - 0

Mandate: No

Consultant: Liah Burnley

Bill Summary: AB 774 clarifies provisions of the Enforcement of Judgements Law (EJL).

Fiscal Impact: Unknown, potential costs to the state funded trial court system (Trial Court Trust Fund, General Fund) by authorizing a new civil penalty with statutory damages, which may lead to additional case filings that otherwise would not have been commenced. In addition, this bill may generate administrative workload cost pressures for courts for processing reinstatement applications, declarations and certificates. The fiscal impact of this bill to the courts will depend on many unknowns, including the number of filings. An eight-hour court day costs approximately \$10,500 in staff in workload. While the courts are not funded on a workload basis, an increase in workload could result in delayed court services and would put pressure on the General Fund to fund additional staff and resources and to increase the amount appropriated to backfill for trial court operations.

Background: Current law establishes the EJL, which establishes procedures for the enforcement of judgments and collection of debts, including through levies on a debtors bank accounts and garnishments of a debtor's wages. Current law also permits debtors to shield themselves from onerous debt collection activity, through property exemptions, and provides debtors with a mechanism to claim property as exempt and seek the return of improperly collected property.

In 2024, the Legislature enacted AB 2387 (Bauer-Kahan, Ch. 514, Stats. 2024), which made significant modifications to the EJL intended to provide added protections for consumers with personal debts. AB 2387, among other things, imposed restrictions on how a judgement creditor can serve documents on a judgment debtor; imposed a look-back period on amounts paid to the judgment creditor when a judgment debtor files a claim of exemption; and provided that an earnings withholding order commences on the 30th day the order is served on the judgment debtor.

The bill clarifies provisions relating to contacting a debtor; specifies that the filing of an ex parte application to stay a levy or garnishment does not constitute a general appearance; and provides that an earnings withholding order commences on the 30th day from service of the order on the debtor's employer.

Proposed Law:

- Modifies the judgment creditor's obligation to verify the judgment debtor's address prior to requesting that a levying officer serve a document on the judgment debtor, as follows:

- Clarifying that the methods by which a judgment creditor can verify the judgment debtor's address, prior to requesting service of a document on the judgment debtor, include using an address to which the judgment creditor transmitted a letter or legal pleading to the judgment debtor through specified means.
- Requiring the judgment creditor to file the declaration setting forth their verification efforts within 10 business days after delivering the declaration to the levying officer.
- Providing that the declaration may be signed by any individual with adequate knowledge of the verification, including, but not limited to, a custodian of records or, if the judgment creditor is represented by an attorney, an employee of the attorney or of the attorney's law firm with adequate knowledge of the verification.
- Permits, beginning July 1, 2026, a judgment creditor to apply to the court for an order reinstating a judgment lien on real property with the same priority it held immediately before it was released. The court shall grant the application, as specified, and upon entry of order, the clerk shall do all of the following:
 - Note in the court's records that the judgment is no longer satisfied to the extent of the returned funds or property.
 - Issue to the judgment creditor a certificate and notice of reinstatement of a judgment lien; the certificate shall identify the judgment and the parties, the unsatisfied judgment amount, and the relevant recording or filing information from the original abstract of judgment.
- The application for reinstatement of a lien shall be filed with a declaration by the judgment creditor that includes and certifies all of the following:
 - The title of the court, the case name and number, and the date and amount of the original judgment and any renewals thereof.
 - A statement that the judgment creditor released a lien or liens in the reasonable belief that the money judgment was satisfied. This statement shall include (1) information sufficient to identify the liens that were released, and (2) the details of any acknowledgement of full or partial satisfaction of judgment that was filed or entered as a result of the prior application of funds, including the date, county, and recording number of any acknowledgement of full or partial satisfaction of judgment recorded by the judgment creditor.
 - A statement that, after a lien was released, the judgment creditor was ordered to return to the judgment debtor property levied or wages garnished in satisfaction of the money judgment, pursuant to specified statutes. A copy of the order shall be attached as an exhibit to the declaration.
 - A statement that the judgment creditor returned, and the judgment debtor received, all property and wages ordered returned.

- A statement that, but for the court's order in, the money judgment would have been fully satisfied or that the property returned to the judgment creditor was identified in a recorded acknowledgement of full or partial satisfaction of judgment.
 - A statement that the judgment creditor is not appealing the order to return funds.
- Provides that knowingly certifying the accuracy of false information shall be subject to a civil penalty of not more than \$1,500.
- Requires the judgment creditor to serve a copy of the application for an order reinstating a released lien, by first-class mail, to the address verified pursuant to specified law. The judgment debtor may, within 15 days of service of the application, file a declaration stating that the funds or property have not been returned.
- If a declaration under is filed, the court shall deny the application and the judgment creditor shall file a noticed motion to be heard by the court in order to reinstate a lien and its priority. If the judgment debtor does not file an objection, the clerk's reinstatement of the lien is automatically effective.
- Requires an application to be filed in the action in which the judgment creditor was ordered to return the property levied or wages garnished.
- Provides that attorney's fees are not recoverable in connection with an application to reinstate a lien.
- Provides that the judgment creditor may record the certificate of reinstatement obtained in the same manner as an abstract of judgment, and that recordation shall have the effect of restoring the lien's property as if the prior release or satisfaction had not occurred.
- Establishes the same procedure for the reinstatement of a released lien on personal property and its priority at the time of cancelation, with slight differences to account for lien information filed with the Secretary of State.
- Permits a judgment debtor, when the judgment is for a personal debt, to file a claim of exemption more than 20 days after the date of notice of levy is served upon them; the levying officer may still release the funds to the judgment creditor at the expiration of the 20-day period.
- Clarifies that the filing of an ex parte application for an order staying a levy or wage garnishment subject to a pending motion opposing a claim of exemption does not constitute a general appearance and shall not constitute a waiver of rights to bring a motion to dismiss for lack of personal jurisdiction or on the ground of inconvenient forum.
- Provides that a levy of execution upon the earnings of an employee shall be made by serving the earnings withholding order on the judgment debtor's employer, and not the judgment debtor; and that the withholding period for the earnings withholding

order commences on the 30th day after service upon the judgment debtor's employer, and not the judgment debtor.

- Requires an employer's return form for a wage garnishment order, which must be returned to the judgment debtor and the levying officer, must set forth the date on which the employer provided the employee a copy of the earnings withholding order and the notice of withholding order, the name and title of the person who provided the order and notice, and a short description of the manner in which the order and notice were provided.

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