

- a statement of the amount of the lien and the facts that give rise to the lien.
- b) Upon receipt of the application, DMV shall, by certified mail, send a notice, a copy of the application, and a return envelope preaddressed to DMV to the registered and legal owners, and to any other person whose name and address is listed in the application.
 - c) The notice must include the following information: a notice of a pending lien sale, a notice that the person has a right to a hearing in court, a Declaration of Opposition form, and details of the court and opposition process, among other information, as specified.
 - d) The lienholder shall give notice of the sale by advertising once in a newspaper of general circulation published in the county in which the vehicle is located. Alternatives are provided if there is no newspaper published in the county.
 - e) The lienholder must also send a Notice of Pending Lien Sale form 20 days prior to the sale but not counting the day of sale, by certified mail with return receipt requested to the registered and legal owners of the vehicle, all persons known to have an interest in the vehicle, and DMV.
 - f) The legal or registered owner may redeem the vehicle upon the payment of the amount of the sale, all costs and expenses of the sale, together with interest on the sum at the rate of 12 percent within ten days of the sale. (CIV §3071)
- 4) Establishes the process to conduct a lien sale for any vehicle with a value determined to be at or under four thousand dollars (\$4,000), similar to the process described above, with the following differences:
- a) Rather than DMV notifying the owner of the vehicle of the lien sale, the lienholder shall send a completed Notice of Pending Lien Sale form, a Declaration of Opposition form, and a return envelope preaddressed to DMV, to the registered owner and legal owner, and to any other person known to have an interest in the vehicle. The lienholder shall additionally send a copy of the completed Notice of Pending Lien Sale form to DMV.
 - b) At least 10 days prior to and including the day of the sale, the lienholder shall post a Notice of Pending Lien Sale form with the specific date and

exact time of the sale in a conspicuous place on the premises of the business office or at the site of the forthcoming sale. (CIV §3072)

- 5) Establishes the process for the disposal of proceeds of a vehicle lien sale as follows:
- a) The amount necessary to discharge the lien and the cost of processing the vehicle shall be paid to the lienholder.
 - b) The balance, if any, shall be forwarded to DMV within 5 to 15 days, depending on the value of the vehicle, and deposited in the Motor Vehicle Account (MVA) in the State Transportation Fund.
 - c) At any point within three years of the sale any person claiming an interest in the vehicle may file a claim with DMV for any portion of the funds from the lien sale that were forwarded to the department. Upon determination by DMV that the claimant is entitled to an amount from the balance, the department shall pay that amount to the claimant. (CIV §3073)

This bill:

- 1) Requires DMV, within 14 days of receiving the balance from the proceeds of a vehicle lien sale, to provide mailed notice specifying the amount of funds that were forwarded to DMV and how to file a claim to retrieve the funds.
- 2) Specifies that the notice must be provided by certified mail and with return receipt requested to the registered and legal owners of the vehicle and all persons known to have an interest in the vehicle.

COMMENTS:

- 1) *Purpose of the bill.* According to the author, “Between 2016 and 2024, the DMV collected more than \$8 million in surplus lien sale funds, yet current practice does not require any direct notice to individuals whose cars were sold. SB-1029 closes this serious consumer-protection gap in California’s lien sale process by ensuring that vehicle owners are actually notified when the state is holding surplus auction proceeds that belong to them. For the families already struggling to make ends meet, that can mean thousands of dollars quietly sit with the state and are eventually forfeited to the DMV if a claim is not made within three years. By requiring certified notice within 14 days of the DMV receiving lien sale proceeds, this bill helps ensure that surplus funds reach the

hands to whom they belong, rather than returning to the DMV's Motor Vehicle Account."

- 2) *Lien sales.* If a person has repaired, furnished materials for, or towed or stored a vehicle and has not been paid for the services rendered, that person has a lien against the vehicle. For example, if a vehicle was towed and the owner did not retrieve it for a few days, the amount owed to the storage yard would increase daily. If the owner was unable to pay the amount owed to the storage yard, the company would have a lien against the vehicle for the amount owed. A lien may be satisfied by getting a court judgment or by selling the vehicle through a lien sale process. To conduct a lien sale, the person/lienholder must have possession of the vehicle. The lien arises (becomes effective) at the time the registered owner is presented with a written statement of charges for completed work or services. However, if possession is the result of a public agency or private property impound, the lien arises when the vehicle is transported (towed).

There are laws in place intended to improve the transparency of the lien process. For example, the legal owner of a vehicle must be notified before a service may be performed on the vehicle if the amount of any repairs or service exceeds \$750 or the storage charges exceed \$400 (\$500 for vehicles valued over \$4,000). Before conducting a lien sale, the lienholder must determine the value of the vehicle. There are two distinct processes for lien sales: one for vehicles valued over \$4,000 and one for vehicles valued at \$4,000 or less. If the vehicle's value is \$4,000 or less, the registered and legal owners of record will be notified of the lien by the party conducting the lien. If the vehicle's value is greater than \$4,000, DMV notifies all interested parties.

- 3) *Lien sale notifications.* Owners of vehicles subject to a lien are notified of a pending lien sale before the vehicle is sold. Depending on the value of the vehicle, either DMV or the lienholder must send written notice of the pending lien sale to the registered owner and legal owner at their addresses of record, and to any other person known to have an interest in the vehicle. The notice must include a description of the vehicle, the details of the lien, a Declaration of Opposition form, and details of opposition process. The owner of the vehicle may submit the Declaration of Opposition form to DMV to contest and pause the sale. The lien sale may only continue if the lienholder then successfully files an action in court.

Vehicles valued over \$4,000 have additional lien sale notification requirements, including an additional notice sent to the vehicle's owner 20 days prior to the sale, and more robust public noticing requirements.

- 4) *Excess Lien Fees.* Excess lien fees are monies received in excess of the lien amount when a vehicle is sold at a lien sale. After a vehicle is sold at a lien sale, the amount necessary to discharge the lien and the cost of processing the vehicle is paid to the lienholder, in addition to a processing fee. Then, any money leftover is sent to DMV and deposited in the Motor Vehicle Account. Any person claiming an interest in the vehicle has three years to file a claim with DMV for a portion of the funds from the lien sale. DMV evaluates the claim and pays out the funds based on their determination. However, current law does not require DMV to proactively notify the former owner of the vehicle of these excess funds.

A March 2025 CalMatters article titled *The DMV Makes Millions from Auctioned Cars, and Doesn't Tell the Owners*, reported that “from the beginning of 2016 through fall 2024, the DMV collected more than \$8 million from nearly 5,300 cars sold at auction.” The article noted that although most lien sales end in a loss, some vehicles net large profits (such as a Lamborghini Murciélago Roadster which was sold on a lien sale in 2023 and, after the towing company recouped \$11,332 for the tow, storage and lien sale, \$99,668 was left over). The article raised concerns that the process to recoup excess funds after a lien sale is opaque, and many people do not know whether the sale even resulted in excess money. More recently, DMV launched a lien sale excess fees lookup tool on their website. Vehicle owners can enter their license plate or Vehicle Identification Number (VIN) to see if a refund is available.

- 5) *This bill creates a notification process.* This bill requires DMV, within 14 days of receiving the balance from the proceeds of a vehicle lien sale, to mail a notification to the registered and legal owners of the vehicle and all persons known to have an interest in the vehicle. The notification must include the amount of funds that were forwarded to DMV and information on how to file a claim to retrieve the funds. The notice must be provided by certified mail with return receipt requested. Return receipt is a form of proof of delivery which is offered for an additional fee by the United States Postal Service. A green form is attached to the envelope which the recipient must sign and date. The form is returned to the sender as proof of delivery.

RELATED/PREVIOUS LEGISLATION:

AB 2269 (Macedo, 2026) – This bill would increase the vehicle value threshold from \$4,000 to \$7,000 for vehicles sold on lien sale though the \$4,000 or less vehicle value process. *This bill is currently in the Assembly Transportation Committee.*

AB 1575 (Richardson, Chapter 121, Statutes of 2007) – This bill increased the caps for repair and storage fees that may be recovered by the lienholder of a vehicle.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 8, 2026.)

SUPPORT:

None received.

OPPOSITION:

None received.

-- END --