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AMENDED IN ASSEMBLY APRIL 22, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 281

Introduced by Assembly Member Gallagher

February 11, 2015

An act to amend Sections 7500.1, 7500.3, 7506.9, 7507.5, 7507.9, 7507.115, 7507.13, and 7508.7 of, and to add Sections 7509, 7509.1, 7509.2, and 7509.3 to, the Business and Professions Code, and to amend ~~Section 28~~ Sections 28, 14602.6, 14602.9, 22651.07, and 22850.5 of the Vehicle Code, relating to collateral recovery.

LEGISLATIVE COUNSEL'S DIGEST

AB 281, as amended, Gallagher. Collateral recovery.

(1) Existing law, the Collateral Recovery Act, provides for the licensure and regulation of repossession agencies by the Bureau of Security and Investigative Services under the supervision and control of the Director of Consumer Affairs. The chief of the bureau serves under the direction and supervision of the director. Existing law makes a violation of the act a crime. ~~Existing~~

Existing law also provides for the denial of a license for specified ~~violations of the act, acts,~~ and authorizes the director to assess ~~administrative fines and penalties.~~ *fines.*

This bill would establish, *beginning July 1, 2017*, a Collateral Recovery Disciplinary Review Committee, to consist of 5 members to

be appointed by, and to serve at the pleasure of, the Governor, for purposes of reviewing the request of a licensee to contest the assessment of an administrative fine or to appeal a denial of a license, except as specified. The bill would set forth the duties of the Collateral Recovery Disciplinary Review Committee in that regard, and would authorize the members of the committee to be paid per diem and reimbursed for actual travel expenses.

(2) Existing law prohibits a person from performing the duties of a registrant for a licensed repossession agency unless the person has in his or her possession a valid repossession registration card or evidence of a valid temporary registration or registration renewal. Existing law authorizes a person to perform the duties of a registrant for a licensee pending receipt of a registration card if the person has been approved by the bureau and carries on his or her person a hardcopy printout of the bureau's approval from the bureau's Internet Web site.

This bill would exempt from that prohibition a person who has in his or her possession a hardcopy printout or electronic copy of the bureau's approval from the bureau's Internet Web site. The bill would also specify for the above-described purposes that an electronic copy of the bureau's approval may include an electronic screenshot display of that information.

(3) The Collateral Recovery Act authorizes licensed repossessioners to perform repair work upon vehicles and charge owners if expressly authorized to do so.

This bill would prohibit licensed repossessioners from performing, or charging for, repair work, cleaning, or detailing.

(4) The Collateral Recovery Act requires licensees to remove personal effects from collateral, make a complete and accurate inventory of the personal effects, and provide the inventory to a debtor not later than 48 hours after the recovery of the collateral, with certain exceptions, as specified. The act requires licensees to label and store the personal effects, except for the personal effects removed by or in the presence of the debtor or the party in possession at the time of the repossession, in a secure manner for a minimum of 60 days, and authorizes licensees to dispose of the personal effects after the expiration of that period, as specified.

This bill, instead of requiring licensees to make a complete and accurate inventory of the personal effects, would require licensees to make a good faith effort to inventory the personal effects in writing or by photograph. The bill would prohibit licensees from inventorying or

removing trash, and would specify that licensees are not responsible for hidden personal effects. The bill would require a licensee unable to open a compartment in the collateral to notify the legal owner of the collateral of that inability within 24 hours, and would require the legal owner to provide the licensee with access to the compartment within 72 hours of notification, as specified. The bill would specify that the 48-hour period in which the licensee must provide the inventory of personal effects to a debtor is tolled until the legal owner provides that access or 72 hours elapse after notification. The bill would authorize a licensee to allow a debtor, or a person in possession of the collateral at the time of repossession, to sign a waiver forfeiting the personal effects and inventory, and would require the licensee to immediately dispose of the personal effects upon receiving that waiver. The bill would prohibit a licensee from selling personal effects and remitting money from the sale to a third party, and would further prohibit a licensee from releasing or conspiring or agreeing to release personal effects to a person other than the debtor or person in possession of the collateral at the time of repossession.

(5) The Collateral Recovery Act prohibits a repossession agency, except as otherwise provided by law, from disclosing the personal information of persons employed by the agency.

This bill would allow a repossession agency to disclose the name, driver's license number, and date of birth of a person employed by the agency to an insurance company for the purpose of verifying information for the issuance or renewal of a policy of insurance.

(6) The Collateral Recovery Act, among other things, prohibits a licensed repossession agency or its registrants from making demand for payment in lieu of repossession, selling recovered collateral, or appraising or determining the value of any collateral, and provides that licensed repossession agencies are not liable for the acts or omissions of legal owners and that legal owners are not liable for acts or omissions of licensed repossession agencies, as specified.

This bill would require a licensed repossession agency, at least annually, to provide a legal owner with a copy of those prohibitions and provisions.

This bill would define the ~~term~~ terms “registered owner” and “repossession” for the purposes of the act. The bill would also make technical and conforming changes.

(7) Existing law requires a person who takes possession of a vehicle by or on behalf of the vehicle's legal owner to notify the law

enforcement department with applicable jurisdiction of the repossession within one hour of the repossession, as specified, and to forward a written notice to the city police or sheriff's department within one business day. Under existing law, a person who fails to provide this notification is guilty of an infraction and subject to a \$300 to \$500 fine.

~~This bill, if a vehicle is removed to a tow yard, storage facility, or impounding yard after a person takes possession of the vehicle on behalf of the vehicle's legal owner and provides law enforcement with the above-described notifications, and the tow yard, storage facility, or impounding yard is outside of the jurisdiction in which the taking of possession occurred, would prohibit the person who took possession from notifying the law enforcement department of the jurisdiction of the tow yard, storage facility, or impounding yard of the removal, and would require the tow yard, storage facility, or impounding yard to direct the registered owner of the vehicle to the law enforcement department of the jurisdiction in which the taking of possession occurred.~~ *bill would delete the requirement to forward that written notice within one business day.*

Under existing law, whenever a peace officer determines, among other things, that a person was driving without a license or while his or her driving privilege was suspended or revoked, the peace officer is authorized to remove and seize that vehicle. Existing law requires the law enforcement agency and the impounding agency, including any storage facility acting on behalf of the law enforcement agency or impounding agency, to comply with specified provisions and precludes liability to the registered owner for the improper release of the vehicle to the legal owner or the legal owner's agent if the release complies with certain requirements.

Existing law requires the legal owner to indemnify and hold harmless a storage facility from any claims arising out of the release of the vehicle to the legal owner or the legal owner's agent and from any damage to the vehicle after its release, including the reasonable costs associated with defending any such claims.

This bill would instead require the legal owner of collateral, by operation of law and without requiring further action, to indemnify and hold harmless the state, a law enforcement agency, city, county, city and county, a tow yard, storage facility, or an impounding yard from a claim arising out of the release of the collateral to a licensed reposessor or licensed repossession agency, and from any damage to the collateral after its release, including reasonable attorney's fees and

costs associated with defending a claim, if the collateral was released in compliance, as specified.

Existing law requires any person, defined as a natural person or specified business entity, that charges for towing or storage, or both, except for storage unrelated to a tow, to, among other things, provide, upon request, a copy of the Towing Fees and Access Notice to any owner or operator of a towed or stored vehicle.

This bill would define a person to include the state, a city, county, city and county, law enforcement agency, a tow yard, storage facility, or an impounding yard that imposes such charges. By expanding this requirement to local agencies, the bill would create a state-mandated local program.

~~(8) Because a violation of the bill’s provisions under the Collateral Recovery Act would be a crime, the bill would impose a state-mandated local program:~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason:~~

~~(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.~~

~~With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 7500.1 of the Business and Professions
- 2 Code is amended to read:
- 3 7500.1. The following terms as used in this chapter have the
- 4 meaning expressed in this section:

1 (a) “Advertisement” means any written or printed
2 communication, including a directory listing, except a free
3 telephone directory listing that does not allow space for a license
4 number.

5 (b) “Assignment” means any written authorization by the legal
6 owner, lienholder, ~~lessor or~~ *lessor*, lessee, *registered owner*, or the
7 agent of any of them, to ~~look for, locate, or~~ repossess any collateral,
8 including, but not limited to, collateral registered under the Vehicle
9 Code that is subject to a security agreement that contains a
10 repossession clause. “Assignment” also means any written
11 authorization by an employer to recover any collateral entrusted
12 to an employee or former employee in possession of the collateral.
13 A photocopy of an assignment, facsimile copy of an assignment,
14 or electronic format of an assignment shall have the same force
15 and effect as an original written assignment.

16 (c) “Bureau” means the Bureau of Security and Investigative
17 Services.

18 (d) “Chief” means the Chief of the Bureau of Security and
19 Investigative Services.

20 (e) “Collateral” means any specific vehicle, trailer, boat,
21 recreational vehicle, motor home, appliance, or other property that
22 is subject to a security agreement.

23 (f) “Combustibles” means any substances or articles that are
24 capable of undergoing combustion or catching fire, or that are
25 flammable, if retained.

26 (g) “Dangerous drugs” means any controlled substances as
27 defined in Chapter 2 (commencing with Section 11053) of Division
28 10 of the Health and Safety Code.

29 (h) “Deadly weapon” means and includes any instrument or
30 weapon of the kind commonly known as a blackjack, slungshot,
31 billy, sandclub, sandbag, metal knuckles, dirk, dagger, pistol, or
32 revolver, or any other firearm, any knife having a blade longer
33 than five inches, any razor with an unguarded blade, and any metal
34 pipe or bar used or intended to be used as a club.

35 (i) “Debtor” means any person obligated under a security
36 agreement.

37 (j) “Department” means the Department of Consumer Affairs.

38 (k) “Director” means the Director of Consumer Affairs.

39 (l) “Electronic format” includes, but is not limited to, a text
40 message, email, or Internet posting.

1 (m) “Health hazard” means any personal effects that if retained
2 would produce an unsanitary or unhealthful condition, or which
3 might damage other personal effects.

4 (n) “Legal owner” means a person holding a security interest
5 in any collateral that is subject to a security agreement, a lien
6 against any collateral, or an interest in any collateral that is subject
7 to a lease agreement.

8 (o) “Licensee” means an individual, partnership, limited liability
9 company, or corporation licensed under this chapter as a
10 repossession agency.

11 (p) “Multiple licensee” means a repossession agency holding
12 more than one repossession license under this chapter, with one
13 fictitious trade style and ownership, conducting repossession
14 business from additional licensed locations other than the location
15 shown on the original license.

16 (q) “Person” includes any individual, partnership, limited
17 liability company, or corporation.

18 (r) “Personal effects” means any property that is not the property
19 of the legal owner.

20 (s) “Private building” means and includes any dwelling,
21 outbuilding, or other enclosed structure.

22 (t) “Qualified certificate holder” or “qualified manager” is a
23 person who possesses a valid qualification certificate in accordance
24 with the provisions of Article 5 (commencing with Section 7504)
25 and is in active control or management of, and who is a director
26 of, the licensee’s place of business.

27 (u) *“Registered owner” means the individual listed in the*
28 *records of the Department of Motor Vehicles, or on a conditional*
29 *sales contract, or on a repossession assignment, as the registered*
30 *owner.*

31 ~~(t)~~

32 (v) “Registrant” means a person registered under this chapter.

33 ~~(v)~~

34 (w) “Repossession” means the locating or recovering of
35 collateral by means of an assignment.

36 ~~(w)~~

37 (x) “Secured area” means and includes any fenced and locked
38 area.

39 ~~(x)~~

1 (y) “Security agreement” means an obligation, pledge, mortgage,
 2 chattel mortgage, lease agreement, deposit, or lien, given by a
 3 debtor as security for payment or performance of his or her debt,
 4 by furnishing the creditor with a recourse to be used in case of
 5 failure in the principal obligation. “Security agreement” also
 6 includes a bailment where an employer-employee relationship
 7 exists or existed between the bailor and the bailee.

8 ~~(y)~~
 9 (z) “Services” means any duty or labor to be rendered by one
 10 person for another.

11 ~~(z)~~
 12 (aa) “Violent act” means any act that results in bodily harm or
 13 injury to any party involved.

14 ~~(aa)~~
 15 (bb) The amendments made to this section by Chapter 418 of
 16 the Statutes of 2006 shall not be deemed to exempt any person
 17 from the provisions of this chapter.

18 *SEC. 2. Section 7500.3 of the Business and Professions Code,*
 19 *as amended by Section 1 of Chapter 476 of the Statutes of 2012,*
 20 *is amended to read:*

21 7500.3. (a) A repossession agency shall not include any of the
 22 following:

23 (1) Any bank subject to the jurisdiction of the Commissioner
 24 of Financial Institutions of the State of California under Division
 25 1 (commencing with Section 99) of the Financial Code or the
 26 Comptroller of the Currency of the United States.

27 (2) Any person organized, chartered, or holding a license or
 28 authorization certificate to make loans pursuant to the laws of this
 29 state or the United States who is subject to supervision by any
 30 official or agency of this state or the United States.

31 (3) An attorney at law in performing his or her duties as an
 32 attorney at law.

33 (4) The legal owner of collateral that is subject to a security
 34 agreement; or a bona fide employee employed exclusively and
 35 regularly by the legal owner of collateral that is subject to a security
 36 agreement. With regard to collateral subject to registration under
 37 the Vehicle Code, the legal owner shall be the legal owner listed
 38 on the records of the Department of Motor Vehicles or the seller
 39 or lessor named on a valid conditional sales contract or rental or

1 lease agreement if the seller or lessor is a licensed vehicle dealer
2 as defined in Section 285 of the Vehicle Code.

3 (5) An officer or employee of the United States of America, or
4 of this state or a political subdivision thereof, while the officer or
5 employee is engaged in the performance of his or her official
6 duties.

7 (6) A qualified certificate holder or a registrant when performing
8 services for, or on behalf of, a licensee.

9 (7) A dealer, including its bona fide employees, regularly
10 engaged in the sale of collateral designed primarily for agricultural
11 use, as defined in subdivision (b) of Section 51201 of the
12 Government Code, for use in the care of lawns and gardens, or for
13 use as special construction equipment, as defined in subdivision
14 (b) of Section 565 of the Vehicle Code, or for use in the production,
15 generation, storage, or transmission of mechanical or electric
16 energy, that is subject to a security agreement of the manufacturer
17 or an affiliate of that manufacturer, provided the following
18 requirements are met:

19 (A) The dealer or the secured party maintains adequate records
20 of all repossessions.

21 (B) The dealer or the secured party completes a collateral
22 condition report.

23 (C) The dealer or the secured party records any odometer or
24 hour meter readings.

25 (D) The dealer or the secured party creates records of all
26 transactions pertaining to the sale of the collateral, including, but
27 not limited to, bids solicited and received, cash received,
28 remittances to the seller, and allocation of any moneys not so
29 remitted to appropriate ledger accounts.

30 (E) The dealer removes and stores any personal effects that were
31 taken with the collateral for a minimum of 60 days in a secure
32 manner, completes an inventory of the personal effects, and notes
33 the date that inventory is taken.

34 (F) If personal effects that were taken with the collateral are to
35 be released to someone other than the debtor, the dealer shall
36 request written authorization to do so from the debtor. The dealer
37 may dispose of personal effects after storing them for at least 60
38 days pursuant to subparagraph (E).

39 (b) Entities described in paragraph (7) of subdivision (a), or a
40 debtor, lienholder, lessor ~~or~~ or, lessee, *registered owner*, or an

1 agent thereof shall not by any means, directly or indirectly,
2 expressed or implied, instruct, coerce, or attempt to coerce another
3 person to violate any law, regulation, or rule regarding the recovery
4 of collateral, including, but not limited to, the provisions of this
5 chapter or Section 9609 of the Commercial Code.

6 (c) This section shall remain in effect only until January 1, 2018,
7 and as of that date is repealed, unless a later enacted statute, that
8 is enacted before January 1, 2018, deletes or extends that date.

9 ~~SEC. 2.~~

10 *SEC. 3.* Section 7506.9 of the Business and Professions Code
11 is amended to read:

12 7506.9. (a) Upon the issuance of the initial registration,
13 reregistration, or renewal, the chief shall issue to the registrant a
14 suitable pocket identification card. At the request of the registrant,
15 the identification card may include a photograph of the registrant.
16 The photograph shall be of a size prescribed by the bureau. The
17 card shall contain the name of the licensee with whom the registrant
18 is registered. The applicant may request to be issued an enhanced
19 pocket card that shall be composed of durable material and may
20 incorporate technologically advanced security features. The bureau
21 may charge a fee sufficient to reimburse the department for costs
22 for furnishing the enhanced pocket card. The fee charged may not
23 exceed the actual cost for system development, maintenance, and
24 processing necessary to provide the service, and may not exceed
25 six dollars (\$6). If the applicant does not request an enhanced card,
26 the department shall issue a standard card at no cost to the
27 applicant.

28 (b) Until the registration certificate is issued or denied, a person
29 may be assigned to work with a temporary registration on a secure
30 form prescribed by the chief, and issued by the qualified certificate
31 holder, for a period not to exceed 120 days from the date the
32 employment or contract commenced, provided the person signs a
33 declaration under penalty of perjury that he or she has not been
34 convicted of a felony or committed any other act constituting
35 grounds for denial of a registration pursuant to Section 7506.8
36 (unless he or she declares that the conviction of a felony or the
37 commission of a specified act or acts occurred prior to the issuance
38 of a registration by the chief and the conduct was not the cause of
39 any subsequent suspension or termination of a registration), and

1 that he or she has read and understands the provisions of this
2 chapter.

3 (c) The chief shall issue an additional temporary registration
4 for not less than 60 days nor more than 120 days, if the chief
5 determines that the investigation of the applicant will take longer
6 to complete than the initial temporary registration time period.

7 (d) No person shall perform the duties of a registrant for a
8 licensee unless the person has in his or her possession a valid
9 repossession registration card, a hardcopy printout or electronic
10 copy of the bureau's approval from the bureau's Internet Web site,
11 which may include an electronic screenshot of that information,
12 or evidence of a valid temporary registration or registration renewal
13 as described in subdivision (b) or (e) of this section or subdivision
14 (f) of Section 7506.10. Every person, while engaged in any activity
15 for which licensure is required, shall display his or her valid pocket
16 card, as provided by regulation.

17 (e) A person may work as a registrant pending receipt of the
18 registration card if he or she has been approved by the bureau and
19 carries on his or her person a hardcopy printout or electronic copy
20 of the bureau's approval from the bureau's Internet Web site, which
21 may include an electronic screenshot of that information, and a
22 valid picture identification.

23 ~~SEC. 3.~~

24 *SEC. 4.* Section 7507.5 of the Business and Professions Code
25 is amended to read:

26 7507.5. No charge shall be made for services incurred in
27 connection with the recovery, transportation, and storage of
28 collateral except under terms agreed to by the legal owner at the
29 time of the repossession authorization or specifically agreed upon
30 at a subsequent time. Repair work, cleaning, or detailing shall not
31 be performed and shall not be charged to the legal owner.

32 ~~SEC. 4.~~

33 *SEC. 5.* Section 7507.9 of the Business and Professions Code
34 is amended to read:

35 7507.9. Except as otherwise provided in this section, personal
36 effects shall be removed from the collateral, including any personal
37 effect that is mounted but detachable from the collateral by a
38 release mechanism. A licensee shall make a good faith effort to
39 inventory the personal effects, in writing or by photograph, but
40 shall not inventory or remove trash of any kind or be held

1 responsible for hidden personal effects. If the licensee is unable
2 to open a trunk, glove box, or other compartment in the collateral,
3 the licensee shall notify the legal owner of this inability within 24
4 hours. The legal owner, within 72 hours of notification, shall either
5 send to the licensee a key or entry code to the compartment or
6 authorize the licensee to make a key at the legal owner's expense
7 to enable the licensee to open and inventory the contents of the
8 compartment in accordance with this section. The personal effects
9 shall be labeled and stored by the licensee for a minimum of 60
10 days in a secure manner, except those personal effects removed
11 by or in the presence of the debtor or the party in possession of
12 the collateral at the time of the repossession. If the licensee or the
13 licensee's agent cannot determine whether the property attached
14 to the collateral is a personal effect or a part of the collateral, then
15 that fact shall be noted on the inventory and the licensee or agent
16 shall not be obligated to remove the item from the collateral, unless
17 the item can be removed without the use of tools, in which case it
18 shall be removed and inventoried. The licensee or the licensee's
19 agent shall notify the debtor that if the debtor takes the position
20 that an item is a personal effect, then the debtor shall contact the
21 legal owner to resolve the issue.

22 (a) The date and time the inventory is made shall be indicated.
23 The permanent records of the licensee shall indicate the name of
24 the employee or registrant who performed the inventory.

25 (b) The following items of personal effects are items determined
26 to present a danger or health hazard when recovered by the licensee
27 and shall be disposed of in the following manner:

28 (1) Deadly weapons and dangerous drugs shall be turned over
29 to any law enforcement agency for retention. These items shall be
30 entered on the inventory and a notation shall be made as to the
31 date and the time and the place the deadly weapon or dangerous
32 drug was turned over to the law enforcement agency, and a receipt
33 from the law enforcement agency shall be maintained in the records
34 of the repossession agency.

35 (2) Combustibles shall be inventoried and noted as "disposed
36 of, dangerous combustible," and the item shall be disposed of in
37 a reasonable and safe manner.

38 (3) Food and other health hazard items shall be inventoried and
39 noted as "disposed of, health hazard," and disposed of in a
40 reasonable and safe manner.

1 (c) Personal effects may be disposed of after being held for at
2 least 60 days. The inventory, and adequate information as to how,
3 when, and to whom the personal effects were disposed of, shall
4 be filed in the permanent records of the licensee and retained for
5 four years.

6 (d) The inventory shall include the name, address, business
7 hours, and telephone number of the repossession agency to contact
8 for recovering the personal effects and an itemization of all
9 personal effects removal and storage charges that will be made by
10 the repossession agency. The inventory shall also include the
11 following statement: "Please be advised that the property listed
12 on this inventory will be disposed of by the repossession agency
13 after being held for 60 days from the date of this notice IF
14 UNCLAIMED."

15 (e) The inventory shall be provided to a debtor not later than
16 48 hours after the recovery of the collateral, except that if:

17 (1) The 48-hour period encompasses a Saturday, Sunday, or
18 postal holiday, the inventory shall be provided no later than 72
19 hours after the recovery of the collateral.

20 (2) The 48-hour period encompasses a Saturday or Sunday and
21 a postal holiday, the inventory shall be provided no later than 96
22 hours after the recovery of the collateral.

23 (3) Inventory resulting from repossession of a yacht, motor
24 home, or travel trailer is such that it shall take at least four hours
25 to inventory, then the inventory shall be provided no later than 96
26 hours after the recovery of the collateral. When the 96-hour period
27 encompasses a Saturday, Sunday, or postal holiday, the inventory
28 shall be provided no later than 120 hours after the recovery of the
29 collateral.

30 (4) The licensee is unable to open and inventory the contents
31 of a trunk, glove box, or other compartment in the collateral, the
32 48-hour period shall be tolled until the legal owner sends to the
33 licensee a key or entry code to the compartment or authorizes the
34 licensee to make a key at the legal owner's expense, or 72 hours
35 elapse after the licensee has informed the legal owner of the
36 licensee's inability to open and inventory the contents of the trunk,
37 glove box, or other compartment in the collateral, whichever is
38 earlier.

39 (f) Environmental, Olympic, special interest, or other license
40 plates issued pursuant to Article 8 (commencing with Section

1 5000), Article 8.4 (commencing with Section 5060), or Article 8.5
2 (commencing with Section 5100) of Chapter 1 of Division 3 of
3 the Vehicle Code that remain the personal effects of the debtor
4 shall be removed from the collateral and inventoried pursuant to
5 this section. If the plates are not claimed by the debtor within 60
6 days, they shall either (1) be effectively destroyed and the licensee
7 shall, within 30 days thereafter, notify the Department of Motor
8 Vehicles of their effective destruction on a form promulgated by
9 the chief that has been approved as to form by the Director of the
10 Department of Motor Vehicles; or (2) be retained by the licensee
11 indefinitely to be returned to the debtor upon request, in which
12 case the licensee shall not charge more than 60 days' storage on
13 the plates.

14 (g) The notice may be given by regular mail addressed to the
15 last known address of the debtor or by personal service at the option
16 of the repossession agency.

17 (h) (1) With the consent of the licensee, the debtor waives the
18 preparation and presentation of an inventory if the debtor redeems
19 the personal effects or other personal property not covered by a
20 security interest within the time period for the notices required by
21 this section and signs a statement that he or she has received all
22 the property.

23 (2) A licensee may allow a debtor, or a person in possession of
24 the collateral at the time of repossession, to sign a waiver forfeiting
25 personal effects or other personal property not covered by a security
26 agreement and waiving an inventory of those personal effects or
27 other personal property. Upon receipt of the waiver, the licensee
28 shall immediately dispose of the personal effects or other personal
29 property.

30 (i) (1) A licensee shall not sell personal effects or other personal
31 property not covered by a security agreement and remit money
32 from the sale to a third party, including, but not limited to, any
33 lending institution.

34 (2) A licensee shall not release or conspire or agree to release
35 personal effects or other personal property not covered by a security
36 agreement to anyone other than the debtor or the person in
37 possession of the collateral at the time of repossession.

38 (j) The inventory shall be a confidential document. A licensee
39 shall only disclose the contents of the inventory under the following
40 circumstances:

1 (1) In response to the order of a court having jurisdiction to
2 issue the order.

3 (2) In compliance with a lawful subpoena issued by a court of
4 competent jurisdiction.

5 (3) When the debtor has consented in writing to the release and
6 the written consent is signed and dated by the debtor subsequent
7 to the repossession and states the entity or entities to whom the
8 contents of the inventory may be disclosed.

9 (4) To the debtor.

10 (k) A licensee may store personal effects inside the collateral
11 until the collateral is no longer in the possession of the licensee.
12 The collateral shall not leave the possession of the licensee until
13 all personal effects have been removed.

14 ~~SEC. 5.~~

15 *SEC. 6.* Section 7507.115 of the Business and Professions Code
16 is amended to read:

17 7507.115. (a) A licensee shall not appraise or determine the
18 value of any collateral, whether damaged or not.

19 (b) (1) Notwithstanding subdivision (a), a licensee may
20 complete a condition report that makes a general assessment of
21 the collateral.

22 (2) A condition report does not include all damage or missing
23 parts.

24 (3) A condition report shall include the following statement:
25 “In accordance with Section 7507.115 of the Business and
26 Professions Code, this condition report is a general assessment of
27 the collateral and does not include all damage or missing parts.”

28 ~~SEC. 6.~~

29 *SEC. 7.* Section 7507.13 of the Business and Professions Code
30 is amended to read:

31 7507.13. (a) A licensed repossession agency is not liable for
32 the act or omission of a legal owner, debtor, lienholder, ~~lessor or~~
33 ~~lessor~~, lessee, *registered owner*, or an agent of any of them, in
34 making an assignment to it or for accepting an assignment from
35 any legal owner, debtor, lienholder, ~~lessor or~~ ~~lessor~~, lessee,
36 *registered owner*, or an agent of any of them, and is entitled to
37 indemnity from the legal owner, debtor, lienholder, ~~lessor or~~ ~~lessee~~
38 *lessor, lessee, or registered owner* for any loss, damage, cost, or
39 expense, including court costs and attorney’s fees, that it may

1 reasonably incur as a result thereof. Nothing in this subdivision
2 limits the liability of any person for his or her tortious conduct.

3 (b) The legal owner, debtor, lienholder, ~~lessor or lessor~~, lessee,
4 *registered owner*, or the agent of any of them, is not liable for any
5 act or omission by a licensed repossession agency, or its agent, in
6 carrying out an assignment and is entitled to indemnity from the
7 repossession agency for any loss, damage, cost, or expense,
8 including court costs and attorney's fees, that the legal owner,
9 debtor, lienholder, ~~lessor or lessor~~, lessee, *registered owner*, or
10 the agent of any of them, may reasonably incur as a result thereof.
11 Nothing in this subdivision limits the liability of any person for
12 his or her tortious conduct.

13 (c) The legal owner, debtor, lienholder, ~~lessor or lessor~~, lessee,
14 *registered owner*, or the agent of any of them, is not guilty of a
15 violation of Section 7502.1 or 7502.2 if, at the time of the
16 assignment, the party making the assignment has in its possession
17 a copy of the reposessor's current, unexpired repossession agency
18 license, and a copy of the current, unexpired repossession agency's
19 qualified manager's certificate, and does not have actual knowledge
20 of any order of suspension or revocation of the license or
21 certificate.

22 (d) Neither a licensed repossession agency nor a legal owner,
23 debtor, lienholder, ~~lessor or lessor~~, lessee, *registered owner*, or an
24 agent of any of them may, by any means, direct or indirect, express
25 or implied, instruct or attempt to coerce the other to violate any
26 law, regulation, or rule regarding the recovery of any collateral,
27 including, but not limited to, the provisions of this chapter or
28 Section 9609 of the Commercial Code.

29 (e) A licensed repossession agency, at least annually, on or
30 before January 31 of each year, shall provide a legal owner from
31 which the agency accepts an assignment with a copy of this section,
32 Sections 7500.2, 7507.4, 7507.115, 7507.12, and 7507.125 of this
33 code, and Section 28 of the Vehicle Code.

34 ~~SEC. 7.~~

35 *SEC. 8.* Section 7508.7 of the Business and Professions Code
36 is amended to read:

37 7508.7. (a) Except as otherwise provided by law, a
38 repossession agency shall not disclose to the public, any person,
39 or any nongovernmental entity, without a court order, the residence
40 address, residence telephone number, cellular telephone number,

1 driver's license number, work schedule, past, present, or future
2 location, or any other personal information of any licensee,
3 registrant, qualified certificate holder, qualified manager, employee,
4 or independent contractor the agency employs.

5 (b) For the purpose of verifying information for the issuance or
6 renewal of a policy of insurance, a repossession agency may
7 provide to an insurance company the name, driver's license
8 number, and date of birth of a licensee, registrant, qualified
9 certificate holder, qualified manager, employee, or independent
10 contractor the agency employs.

11 ~~SEC. 8.~~

12 *SEC. 9.* Section 7509 is added to the Business and Professions
13 Code, to read:

14 7509. (a) A person licensed with the bureau under this chapter
15 may request a review by the Collateral Recovery Disciplinary
16 Review Committee, as established in Section 7509.1, to contest
17 the assessment of an administrative fine or to appeal a denial of a
18 license, unless the denial is ordered by the director in accordance
19 with Chapter 5 (commencing with Section 11500) of Part 1 of
20 Division 3 of Title 2 of the Government Code.

21 (b) A request for a review shall be by written notice to the
22 disciplinary review committee within 30 days of the issuance of
23 the citation and assessment or denial.

24 (c) Following a review by the disciplinary review committee,
25 the appellant shall be notified within 30 days, in writing, by regular
26 mail, of the committee's decision. At the discretion of the
27 disciplinary review committee, an appellant may be notified
28 immediately of the committee's decision once it is made.

29 (d) If the appellant disagrees with the decision made by the
30 disciplinary review committee, he or she may request a hearing in
31 accordance with Chapter 5 (commencing with Section 11500) of
32 Part 1 of Division 3 of Title 2 of the Government Code. A request
33 for a hearing following a decision by the disciplinary review
34 committee shall be by written notice to the bureau within 30 days
35 following notice of the committee's decision.

36 (e) If the appellant does not request a hearing within 30 days,
37 the disciplinary review committee's decision shall become final.

38 (f) Notwithstanding subdivisions (a) to (e), inclusive, when a
39 hearing is held under this chapter to determine whether an
40 application for licensure should be granted, the proceedings shall

1 be conducted in accordance with Chapter 5 (commencing with
 2 Section 11500) of Part 1 of Division 3 of Title 2 of the Government
 3 Code, and the director shall have all of the powers granted therein.

4 ~~SEC. 9.~~

5 *SEC. 10.* Section 7509.1 is added to the Business and
 6 Professions Code, to read:

7 7509.1. (a) ~~The~~ *On or before July 1, 2017, the* Governor shall
 8 appoint a Collateral Recovery Disciplinary Review Committee,
 9 and may remove any member of the committee for misconduct,
 10 incompetency, or neglect of duty. The committee shall consist of
 11 five members. Of the five members, three members shall be
 12 actively engaged in business as a licensed repossession agency
 13 and two members shall be public members. None of the public
 14 members shall be licensees, certificate holders, or registrants, or
 15 engaged in any business or profession in which any part of the
 16 fees, compensation, or revenue thereof is derived from any licensee.

17 (b) The disciplinary review committee shall meet as frequently
 18 as may be required. The members shall be paid per diem pursuant
 19 to Section 103 and shall be reimbursed for actual travel expenses.
 20 The members shall serve for a term of four years.

21 ~~SEC. 10.~~

22 *SEC. 11.* Section 7509.2 is added to the Business and
 23 Professions Code, to read:

24 7509.2. (a) The Collateral Recovery Disciplinary Review
 25 Committee shall perform the following functions:

26 (a)

27 (1) Affirm, rescind, or modify all appealed decisions concerning
 28 administrative fines assessed by the director or bureau against
 29 repossession agencies or their employees.

30 (b)

31 (2) Affirm, rescind, or modify all appealed decisions concerning
 32 denial of licenses issued by the director or bureau, except denials
 33 or suspensions ordered by the director in accordance with Chapter
 34 5 (commencing with Section 11500) of Part 1 of Division 3 of
 35 Title 2 of the Government Code.

36 (b) *This section shall become operative on July 1, 2017.*

37 ~~SEC. 11.~~

38 *SEC. 12.* Section 7509.3 is added to the Business and
 39 Professions Code, to read:

1 7509.3. (a) The bureau shall provide the Collateral Recovery
2 Disciplinary Review Committee all evidence used by the bureau
3 in reaching its decision prior to any review or appeal of that
4 decision by the committee.

5 (b) *This section shall become operative on July 1, 2017.*

6 ~~SEC. 12.~~

7 *SEC. 13.* Section 28 of the Vehicle Code is amended to read:

8 28. (a) Whenever possession is taken of any vehicle by or on
9 behalf of its legal owner under the terms of a security agreement
10 or lease agreement, the person taking possession shall contact, for
11 the purpose of providing the information required pursuant to
12 subdivision (d), within one hour after taking possession of the
13 vehicle, by the most expeditious means available, the city police
14 department where the taking of possession occurred, if within an
15 incorporated city, or the sheriff's department of the county where
16 the taking of possession occurred, if outside an incorporated city,
17 or the police department of a campus of the University of California
18 or the California State University, if the taking of possession
19 occurred on that campus, ~~and shall within one business day forward~~
20 ~~a written notice to the city police or sheriff's department.~~ *campus.*
21 If, after an attempt to notify, law enforcement is unable to receive
22 and record the notification required pursuant to subdivision (d),
23 the person taking possession of the vehicle shall continue to attempt
24 notification until the information required pursuant to subdivision
25 (d) is provided.

26 (b) If possession is taken of more than one vehicle, the
27 possession of each vehicle shall be considered and reported as a
28 separate event.

29 (c) Any person failing to notify the city police department,
30 sheriff's department, or campus police department as required by
31 this section is guilty of an infraction, and shall be fined a minimum
32 of three hundred dollars (\$300), and up to five hundred dollars
33 (\$500). The district attorney, city attorney, or city prosecutor shall
34 promptly notify the Bureau of Security and Investigative Services
35 of any conviction resulting from a violation of this section.

36 (d) For the notification required by this section, the person shall
37 report only the following information and in the following order:

- 38 (1) The approximate location of the repossession.
39 (2) The date and approximate time of the repossession.
40 (3) The vehicle year, make, and model.

1 (4) The last six digits of the vehicle identification number.

2 (5) The registered owner as provided on the repossession
3 assignment.

4 (6) The legal owner requesting the repossession as provided on
5 the repossession assignment.

6 (7) The name of the repossession agency.

7 (8) The telephone number of the repossession agency.

8 ~~(e) If a vehicle is removed to a tow yard, storage facility, or~~
9 ~~impounding yard after possession is taken of the vehicle on behalf~~
10 ~~of its legal owner, the person taking possession has notified the~~
11 ~~appropriate city police department, sheriff's department, or campus~~
12 ~~police department, as required by this section, and the tow yard,~~
13 ~~storage facility, or impounding yard is outside of the jurisdiction~~
14 ~~in which the taking of possession occurred, both of the following~~
15 ~~shall apply:~~

16 ~~(1) The person shall not notify the city police department,~~
17 ~~sheriff's department, or campus police department of the~~
18 ~~jurisdiction in which the tow yard, storage facility, or impounding~~
19 ~~yard is located of the removal.~~

20 ~~(2) The tow yard, storage facility, or impounding yard shall~~
21 ~~direct the registered owner of the vehicle to the city police~~
22 ~~department, sheriff's department, or campus police department of~~
23 ~~the jurisdiction in which the taking of possession occurred.~~

24 *SEC. 14. Section 14602.6 of the Vehicle Code is amended to*
25 *read:*

26 14602.6. (a) (1) Whenever a peace officer determines that a
27 person was driving a vehicle while his or her driving privilege was
28 suspended or revoked, driving a vehicle while his or her driving
29 privilege is restricted pursuant to Section 13352 or 23575 and the
30 vehicle is not equipped with a functioning, certified interlock
31 device, or driving a vehicle without ever having been issued a
32 driver's license, the peace officer may either immediately arrest
33 that person and cause the removal and seizure of that vehicle or,
34 if the vehicle is involved in a traffic collision, cause the removal
35 and seizure of the vehicle without the necessity of arresting the
36 person in accordance with Chapter 10 (commencing with Section
37 22650) of Division 11. A vehicle so impounded shall be impounded
38 for 30 days.

39 (2) The impounding agency, within two working days of
40 impoundment, shall send a notice by certified mail, return receipt

1 requested, to the legal owner of the vehicle, at the address obtained
2 from the department, informing the owner that the vehicle has
3 been impounded. Failure to notify the legal owner within two
4 working days shall prohibit the impounding agency from charging
5 for more than 15 days' impoundment when the legal owner
6 redeems the impounded vehicle. The impounding agency shall
7 maintain a published telephone number that provides information
8 24 hours a day regarding the impoundment of vehicles and the
9 rights of a registered owner to request a hearing. The law
10 enforcement agency shall be open to issue a release to the registered
11 owner or legal owner, or the agent of either, whenever the agency
12 is open to serve the public for ~~regular~~, nonemergency business.

13 (b) The registered and legal owner of a vehicle that is removed
14 and seized under subdivision (a) or their agents shall be provided
15 the opportunity for a storage hearing to determine the validity of,
16 or consider any mitigating circumstances attendant to, the storage,
17 in accordance with Section 22852.

18 (c) Any period in which a vehicle is subjected to storage under
19 this section shall be included as part of the period of impoundment
20 ordered by the court under subdivision (a) of Section 14602.5.

21 (d) (1) An impounding agency shall release a vehicle to the
22 registered owner or his or her agent prior to the end of 30 days'
23 impoundment under any of the following circumstances:

24 (A) When the vehicle is a stolen vehicle.

25 (B) When the vehicle is subject to bailment and is driven by an
26 unlicensed employee of a business establishment, including a
27 parking service or repair garage.

28 (C) When the license of the driver was suspended or revoked
29 for an offense other than those included in Article 2 (commencing
30 with Section 13200) of Chapter 2 of Division 6 or Article 3
31 (commencing with Section 13350) of Chapter 2 of Division 6.

32 (D) When the vehicle was seized under this section for an
33 offense that does not authorize the seizure of the vehicle.

34 (E) When the driver reinstates his or her driver's license or
35 acquires a driver's license and proper insurance.

36 (2) No vehicle shall be released pursuant to this subdivision
37 without presentation of the registered owner's or agent's currently
38 valid driver's license to operate the vehicle and proof of current
39 vehicle registration, or upon order of a court.

1 (e) The registered owner or his or her agent is responsible for
2 all towing and storage charges related to the impoundment, and
3 any administrative charges authorized under Section 22850.5.

4 (f) A vehicle removed and seized under subdivision (a) shall be
5 released to the legal owner of the vehicle or the legal owner's agent
6 prior to the end of 30 days' impoundment if all of the following
7 conditions are met:

8 (1) The legal owner is a motor vehicle dealer, bank, credit union,
9 acceptance corporation, or other licensed financial institution
10 legally operating in this state or is another person, not the registered
11 owner, holding a security interest in the vehicle.

12 (2) (A) The legal owner or the legal owner's agent pays all
13 towing and storage fees related to the seizure of the vehicle. No
14 lien sale processing fees shall be charged to the legal owner who
15 redeems the vehicle prior to the 15th day of impoundment. Neither
16 the impounding authority nor any person having possession of the
17 vehicle shall collect from the legal owner of the type specified in
18 paragraph (1), or the legal owner's agent any administrative charges
19 imposed pursuant to Section 22850.5 unless the legal owner
20 voluntarily requested a poststorage hearing.

21 (B) A person operating or in charge of a storage facility where
22 vehicles are stored pursuant to this section shall accept a valid
23 bank credit card or cash for payment of towing, storage, and related
24 fees by a legal or registered owner or the owner's agent claiming
25 the vehicle. A credit card shall be in the name of the person
26 presenting the card. "Credit card" means "credit card" as defined
27 in subdivision (a) of Section 1747.02 of the Civil Code, except,
28 for the purposes of this section, credit card does not include a credit
29 card issued by a retail seller.

30 (C) A person operating or in charge of a storage facility
31 described in subparagraph (B) who violates subparagraph (B) shall
32 be civilly liable to the owner of the vehicle or to the person who
33 tendered the fees for four times the amount of the towing, storage,
34 and related fees, but not to exceed five hundred dollars (\$500).

35 (D) A person operating or in charge of a storage facility
36 described in subparagraph (B) shall have sufficient funds on the
37 premises of the primary storage facility during normal business
38 hours to accommodate, and make change in, a reasonable monetary
39 transaction.

1 (E) Credit charges for towing and storage services shall comply
2 with Section 1748.1 of the Civil Code. Law enforcement agencies
3 may include the costs of providing for payment by credit when
4 making agreements with towing companies on rates.

5 (3) The legal owner or the legal owner's agent presents a copy
6 of the assignment, as defined in subdivision (b) of Section 7500.1
7 of the Business and Professions Code; a release from the one
8 responsible governmental agency, only if required by the agency;
9 a government-issued photographic identification card; and any
10 one of the following, as determined by the legal owner or the legal
11 owner's agent: a certificate of repossession for the vehicle, a
12 security agreement for the vehicle, or title, whether paper or
13 electronic, showing proof of legal ownership for the vehicle. Any
14 documents presented may be originals, photocopies, or facsimile
15 copies, or may be transmitted electronically. The law enforcement
16 agency, impounding agency, or any other governmental agency,
17 or any person acting on behalf of those agencies, shall not require
18 any documents to be notarized. The law enforcement agency,
19 impounding agency, or any person acting on behalf of those
20 agencies may require the agent of the legal owner to produce a
21 photocopy or facsimile copy of its repossession agency license or
22 registration issued pursuant to Chapter 11 (commencing with
23 Section 7500) of Division 3 of the Business and Professions Code,
24 or to demonstrate, to the satisfaction of the law enforcement
25 agency, impounding agency, or any person acting on behalf of
26 those agencies, that the agent is exempt from licensure pursuant
27 to Section 7500.2 or 7500.3 of the Business and Professions Code.

28 No administrative costs authorized under subdivision (a) of
29 Section 22850.5 shall be charged to the legal owner of the type
30 specified in paragraph (1), who redeems the vehicle unless the
31 legal owner voluntarily requests a poststorage hearing. No city,
32 county, city and county, or state agency shall require a legal owner
33 or a legal owner's agent to request a poststorage hearing as a
34 requirement for release of the vehicle to the legal owner or the
35 legal owner's agent. The law enforcement agency, impounding
36 agency, or other governmental agency, or any person acting on
37 behalf of those agencies, shall not require any documents other
38 than those specified in this paragraph. The law enforcement agency,
39 impounding agency, or other governmental agency, or any person
40 acting on behalf of those agencies, shall not require any documents

1 to be notarized. The legal owner or the legal owner's agent shall
2 be given a copy of any documents he or she is required to sign,
3 except for a vehicle evidentiary hold logbook. The law enforcement
4 agency, impounding agency, or any person acting on behalf of
5 those agencies, or any person in possession of the vehicle, may
6 photocopy and retain the copies of any documents presented by
7 the legal owner or legal owner's agent.

8 (4) A failure by a storage facility to comply with any applicable
9 conditions set forth in this subdivision shall not affect the right of
10 the legal owner or the legal owner's agent to retrieve the vehicle,
11 provided all conditions required of the legal owner or legal owner's
12 agent under this subdivision are satisfied.

13 (g) (1) A legal owner or the legal owner's agent that obtains
14 release of the vehicle pursuant to subdivision (f) shall not release
15 the vehicle to the registered owner of the vehicle, or the person
16 who was listed as the registered owner when the vehicle was
17 impounded, or any agents of the registered owner, unless the
18 registered owner is a rental car agency, until after the termination
19 of the 30-day impoundment period.

20 (2) The legal owner or the legal owner's agent shall not
21 relinquish the vehicle to the registered owner or the person who
22 was listed as the registered owner when the vehicle was impounded
23 until the registered owner or that owner's agent presents his or her
24 valid driver's license or valid temporary driver's license to the
25 legal owner or the legal owner's agent. The legal owner or the
26 legal owner's agent or the person in possession of the vehicle shall
27 make every reasonable effort to ensure that the license presented
28 is valid and possession of the vehicle will not be given to the driver
29 who was involved in the original impoundment proceeding until
30 the expiration of the impoundment period.

31 (3) Prior to relinquishing the vehicle, the legal owner may
32 require the registered owner to pay all towing and storage charges
33 related to the impoundment and any administrative charges
34 authorized under Section 22850.5 that were incurred by the legal
35 owner in connection with obtaining custody of the vehicle.

36 (4) Any legal owner who knowingly releases or causes the
37 release of a vehicle to a registered owner or the person in
38 possession of the vehicle at the time of the impoundment or any
39 agent of the registered owner in violation of this subdivision shall
40 be guilty of a misdemeanor and subject to a fine in the amount of

1 two thousand dollars (\$2,000) in addition to any other penalties
2 established by law.

3 (5) The legal owner, registered owner, or person in possession
4 of the vehicle shall not change or attempt to change the name of
5 the legal owner or the registered owner on the records of the
6 department until the vehicle is released from the impoundment.

7 (h) (1) A vehicle removed and seized under subdivision (a)
8 shall be released to a rental car agency prior to the end of 30 days'
9 impoundment if the agency is either the legal owner or registered
10 owner of the vehicle and the agency pays all towing and storage
11 fees related to the seizure of the vehicle.

12 (2) The owner of a rental vehicle that was seized under this
13 section may continue to rent the vehicle upon recovery of the
14 vehicle. However, the rental car agency may not rent another
15 vehicle to the driver of the vehicle that was seized until 30 days
16 after the date that the vehicle was seized.

17 (3) The rental car agency may require the person to whom the
18 vehicle was rented to pay all towing and storage charges related
19 to the impoundment and any administrative charges authorized
20 under Section 22850.5 that were incurred by the rental car agency
21 in connection with obtaining custody of the vehicle.

22 (i) Notwithstanding any other provision of this section, the
23 registered owner and not the legal owner shall remain responsible
24 for any towing and storage charges related to the impoundment,
25 any administrative charges authorized under Section 22850.5, and
26 any parking fines, penalties, and administrative fees incurred by
27 the registered owner.

28 (j) (1) The law enforcement agency and the impounding agency,
29 including any storage facility acting on behalf of the law
30 enforcement agency or impounding agency, shall comply with this
31 section and shall not be liable to the registered owner for the
32 improper release of the vehicle to the legal owner or the legal
33 owner's agent provided the release complies with the provisions
34 of this section. ~~The legal owner shall indemnify and hold harmless~~
35 ~~a storage facility from any claims arising out of the release of the~~
36 ~~vehicle to the legal owner or the legal owner's agent and from any~~
37 ~~damage to the vehicle after its release, including the reasonable~~
38 ~~costs associated with defending any such claims.~~ A law
39 enforcement agency shall not refuse to issue a release to a legal

1 owner or the agent of a legal owner on the grounds that it
 2 previously issued a release.

3 (2) (A) *The legal owner of collateral shall, by operation of law*
 4 *and without requiring further action, indemnify and hold harmless*
 5 *a law enforcement agency, city, county, city and county, the state,*
 6 *a tow yard, storage facility, or an impounding yard from a claim*
 7 *arising out of the release of the collateral to a licensed reposessor*
 8 *or licensed repossession agency, and from any damage to the*
 9 *collateral after its release, including reasonable attorney’s fees*
 10 *and costs associated with defending a claim, if the collateral was*
 11 *released in compliance with this section.*

12 (B) *This subdivision shall apply only when collateral is released*
 13 *to a licensed reposessor, licensed repossession agency, or its*
 14 *officers or employees pursuant to Chapter 11 (commencing with*
 15 *Section 7500) of Division 3 of the Business and Professions Code.*

16 SEC. 15. *Section 14602.9 of the Vehicle Code is amended to*
 17 *read:*

18 14602.9. (a) An officer of the Department of the California
 19 Highway Patrol may impound a bus of a charter-party carrier for
 20 30 days if the officer determines that any of the following
 21 violations occurred while the bus driver was operating the bus of
 22 a charter-party carrier:

23 (1) The driver was operating the bus of a charter-party carrier
 24 when the charter-party carrier did not have a permit or certificate
 25 issued by the Public Utilities Commission, pursuant to Section
 26 5375 of the Public Utilities Code.

27 (2) The driver was operating the bus of a charter-party carrier
 28 when the charter-party carrier was operating the bus with a
 29 suspended permit or certificate from the Public Utilities
 30 Commission.

31 (3) The driver was operating the bus of a charter-party carrier
 32 without having a current and valid driver’s license of the proper
 33 class, a passenger vehicle endorsement, or the required certificate.

34 (b) Within two working days after impoundment, the
 35 impounding agency shall send a notice by certified mail, return
 36 receipt requested, to the legal owner of the vehicle, at the address
 37 obtained from the department, informing the owner that the vehicle
 38 has been impounded. Failure to notify the legal owner within two
 39 working days shall prohibit the impounding agency from charging
 40 for more than 15 day’s impoundment when the legal owner

1 redeems the impounded vehicle. The impounding agency shall
2 maintain a published telephone number that provides information
3 24 hours a day regarding the impoundment of vehicles and the
4 rights of a registered owner to request a hearing.

5 (c) The registered and legal owner of a vehicle that is removed
6 and seized under subdivision (a) or his or her agent shall be
7 provided the opportunity for a storage hearing to determine the
8 validity of, or consider any mitigating circumstances attendant to,
9 the storage, in accordance with Section 22852.

10 (d) (1) The impounding agency shall release the vehicle to the
11 registered owner or his or her agent prior to the end of the
12 impoundment period under any of the following circumstances:

13 (A) When the vehicle is a stolen vehicle.

14 (B) When the vehicle is subject to bailment and is driven by an
15 unlicensed employee of a business establishment, including a
16 parking service or repair garage.

17 (C) When the driver of the vehicle is not the sole registered
18 owner of the vehicle and the vehicle is being released to another
19 registered owner of the vehicle who agrees not to allow the driver
20 to use the vehicle until after the end of the impoundment period
21 and the charter-party carrier has been issued a valid permit from
22 the Public Utilities Commission, pursuant to Section 5375 of the
23 Public Utilities Code.

24 (2) A vehicle shall not be released pursuant to this subdivision
25 without presentation of the registered owner's or agent's currently
26 valid driver's license to operate the vehicle and proof of current
27 vehicle registration, or upon order of a court.

28 (e) The registered owner or his or her agent is responsible for
29 all towing and storage charges related to the impoundment, and
30 any administrative charges authorized under Section 22850.5.

31 (f) A vehicle removed and seized under subdivision (a) shall be
32 released to the legal owner of the vehicle or the legal owner's agent
33 prior to the end of the impoundment period if all of the following
34 conditions are met:

35 (1) The legal owner is a motor vehicle dealer, bank, credit union,
36 acceptance corporation, or other licensed financial institution
37 legally operating in this state, or is another person who is not the
38 registered owner and holds a security interest in the vehicle.

39 (2) The legal owner or the legal owner's agent pays all towing
40 and storage fees related to the seizure of the vehicle. A lien sale

1 processing fee shall not be charged to the legal owner who redeems
2 the vehicle prior to the 10th day of impoundment. The impounding
3 authority or any person having possession of the vehicle shall not
4 collect from the legal owner of the type specified in paragraph (1),
5 or the legal owner's agent, any administrative charges imposed
6 pursuant to Section 22850.5 unless the legal owner voluntarily
7 requested a poststorage hearing.

8 (3) (A) The legal owner or the legal owner's agent presents
9 either lawful foreclosure documents or an affidavit of repossession
10 for the vehicle, and a security agreement or title showing proof of
11 legal ownership for the vehicle. All presented documents may be
12 originals, photocopies, or facsimile copies, or may be transmitted
13 electronically. The impounding agency shall not require a
14 document to be notarized. The impounding agency may require
15 the agent of the legal owner to produce a photocopy or facsimile
16 copy of its repossession agency license or registration issued
17 pursuant to Chapter 11 (commencing with Section 7500) of
18 Division 3 of the Business and Professions Code, or to demonstrate,
19 to the satisfaction of the impounding agency, that the agent is
20 exempt from licensure pursuant to Section 7500.2 or 7500.3 of the
21 Business and Professions Code.

22 (B) Administrative costs authorized under subdivision (a) of
23 Section 22850.5 shall not be charged to the legal owner of the type
24 specified in paragraph (1), who redeems the vehicle unless the
25 legal owner voluntarily requests a poststorage hearing. A city,
26 county, or state agency shall not require a legal owner or a legal
27 owner's agent to request a poststorage hearing as a requirement
28 for release of the vehicle to the legal owner or the legal owner's
29 agent. The impounding agency shall not require any documents
30 other than those specified in this paragraph. The impounding
31 agency shall not require any documents to be notarized.

32 (C) As used in this paragraph, "foreclosure documents" means
33 an "assignment" as that term is defined in subdivision ~~(a)~~ (b) of
34 Section 7500.1 of the Business and Professions Code.

35 (g) (1) A legal owner or the legal owner's agent who obtains
36 release of the vehicle pursuant to subdivision (f) may not release
37 the vehicle to the registered owner of the vehicle or any agents of
38 the registered owner, unless the registered owner is a rental car
39 agency, until after the termination of the impoundment period.

1 (2) The legal owner or the legal owner's agent shall not
2 relinquish the vehicle to the registered owner until the registered
3 owner or that owner's agent presents his or her valid driver's
4 license or valid temporary driver's license to the legal owner or
5 the legal owner's agent. The legal owner or the legal owner's agent
6 shall make every reasonable effort to ensure that the license
7 presented is valid.

8 (3) Prior to relinquishing the vehicle, the legal owner may
9 require the registered owner to pay all towing and storage charges
10 related to the impoundment and any administrative charges
11 authorized under Section 22850.5 that were incurred by the legal
12 owner in connection with obtaining custody of the vehicle.

13 (h) (1) A vehicle removed and seized under subdivision (a)
14 shall be released to a rental agency prior to the end of the
15 impoundment period if the agency is either the legal owner or
16 registered owner of the vehicle and the agency pays all towing and
17 storage fees related to the seizure of the vehicle.

18 (2) The owner of a rental vehicle that was seized under this
19 section may continue to rent the vehicle upon recovery of the
20 vehicle. However, the rental agency shall not rent another vehicle
21 to the driver of the vehicle that was seized until the impoundment
22 period has expired.

23 (3) The rental agency may require the person to whom the
24 vehicle was rented to pay all towing and storage charges related
25 to the impoundment and any administrative charges authorized
26 under Section 22850.5 that were incurred by the rental agency in
27 connection with obtaining custody of the vehicle.

28 (i) Notwithstanding any other provision of this section, the
29 registered owner, and not the legal owner, shall remain responsible
30 for any towing and storage charges related to the impoundment,
31 any administrative charges authorized under Section 22850.5, and
32 any parking fines, penalties, and administrative fees incurred by
33 the registered owner.

34 (j) The impounding agency is not liable to the registered owner
35 for the improper release of the vehicle to the legal owner or the
36 legal owner's agent provided the release complies with this section.

37 (k) For the purposes of this section, a "bus" means a bus as
38 defined by Section 233 or a tour bus as defined by Section 612.

1 (l) For the purposes of this section, a “charter-party carrier”
2 means a charter-party carrier as defined by Section 5360 of the
3 Public Utilities Code.

4 *SEC. 16. Section 22651.07 of the Vehicle Code is amended to*
5 *read:*

6 22651.07. (a) ~~A person~~ *person, including a law enforcement*
7 *agency, city, county, city and county, the state, a tow yard, storage*
8 *facility, or an impounding yard, that charges for towing or storage,*
9 *or both, except for storage unrelated to a tow, shall do all of the*
10 *following:*

11 (1) (A) Except as provided in subparagraph (B), post in the
12 office area of the storage facility, in plain view of the public, the
13 Towing Fees and Access Notice and have copies readily available
14 to the public.

15 (B) An automotive repair dealer, registered pursuant to Article
16 3 (commencing with Section 9884) of Chapter 20.3 of Division 3
17 of the Business and Professions Code, that does not provide towing
18 services is exempt from the requirement to post the Towing Fees
19 and Access Notice in the office area.

20 (2) Provide, upon request, a copy of the Towing Fees and Access
21 Notice to any owner or operator of a towed or stored vehicle.

22 (3) Provide a distinct notice on an itemized invoice for any
23 towing or storage, or both, charges stating: “Upon request, you
24 are entitled to receive a copy of the Towing Fees and Access
25 Notice.” This notice shall be contained within a bordered text box,
26 printed in no less than 10-point type.

27 (b) Prior to receiving payment for any towing, recovery, or
28 storage-related fees, a person that charges for towing or storage,
29 or both, shall provide an itemized invoice of actual charges to the
30 vehicle owner or his or her agent. If an automotive repair dealer,
31 registered pursuant to Article 3 (commencing with Section 9884)
32 of Chapter 20.3 of Division 3 of the Business and Professions
33 Code, did not provide the tow, and passes along, from the tower
34 to the consumer, any of the information required on the itemized
35 invoice, pursuant to subdivision (e), the automotive repair dealer
36 shall not be responsible for the accuracy of those items of
37 information that remain unaltered.

38 (c) Prior to paying any towing, recovery, or storage-related fees,
39 a vehicle owner or his or her agent *or a licensed reposessor* shall
40 have the right to all of the following:

1 (1) Receive his or her personal property, at no charge, during
 2 normal business hours. Normal business hours *for releasing*
 3 *collateral and personal property* are Monday through Friday from
 4 8:00 a.m. to 5:00 p.m., inclusive, except state holidays.

5 (2) Retrieve his or her vehicle during the first 72 hours of storage
 6 and not pay a lien fee.

7 (3) Request a copy of the Towing Fees and Access Notice.

8 (4) Be permitted to pay by cash or a valid bank credit card.
 9 Credit charges for towing and storage services shall comply with
 10 Section 1748.1 of the Civil Code. Law enforcement agencies may
 11 include the costs of providing for payment by credit when agreeing
 12 with a towing or storage provider on rates.

13 (d) The Towing Fees and Access Notice shall be a standardized
 14 document plainly printed in no less than 10-point type. A person
 15 may distribute the form using its own letterhead, but the language
 16 of the Towing Fees and Access Notice shall read as follows:
 17

<u>Towing Fees and Access Notice</u>
<p>Note: The following information is intended to serve as a general summary of some of the laws that provide vehicle owners certain rights when their vehicle is towed. It is not intended to summarize all of the laws that may be applicable nor is it intended to fully and completely state the entire law in any area listed. Please review the applicable California code for a definitive statement of the law in your particular situation.</p>
<u>How much can a towing company charge?</u>
<p>Rates for public tows and storage are generally established by an agreement between the law enforcement agency requesting the tow and the towing company (to confirm the approved rates, you may contact the law enforcement agency that initiated the tow; additionally, these rates are required to be posted at the storage facility).</p>
<p>Rates for private property tows and storage cannot exceed the approved rates for the law enforcement agency that has primary jurisdiction for the property from which the vehicle was removed or the towing company's approved CHP rate.</p>

1	Rates for owner’s request tows and storage are generally established by mutual
2	agreement between the requestor and the towing company, but may be dictated
3	by agreements established between the requestor’s motor club and motor club
4	service provider.
5	
6	<u>Where can you complain about a towing company?</u>
7	
8	For public tows: Contact the law enforcement agency initiating the tow.
9	
10	<u>Your rights if your vehicle is towed:</u>
11	
12	Generally, prior to paying any towing and storage-related fees you have the
13	right to:
14	• Receive an itemized invoice of actual charges.
15	• Receive your personal property, at no charge, during normal business hours.
16	• Retrieve your vehicle during the first 72 hours of storage and not pay a lien
17	fee.
18	• Request a copy of the Towing Fees and Access Notice.
19	• Pay by cash or valid bank credit card.
20	• Inspect your vehicle or have your insurance carrier inspect your vehicle at
21	the storage facility, at no charge, during normal business hours.
22	You have the right to have the vehicle released to you upon (1) payment of all
23	towing and storage-related fees, (2) presentation of a valid photo identification,
24	(3) presentation of reliable documentation showing that you are the owner of
25	the vehicle or that the owner has authorized you to take possession of the
26	vehicle, and (4), if applicable, presentation of any required police or law
27	enforcement release documents.
28	Prior to your vehicle being repaired:
29	• You have the right to choose the repair facility and to have no repairs made
30	to your vehicle unless you authorize them in writing.
31	• Any authorization you sign for towing and any authorization you sign for
32	repair must be on separate forms.
33	
34	<u>What if I do not pay the towing and storage-related fees or abandon my</u>
35	<u>vehicle at the towing company?</u>
36	
37	Pursuant to Sections 3068.1 to 3074, inclusive, of the Civil Code, a towing
38	company may sell your vehicle and any moneys received will be applied to
39	towing and storage-related fees that have accumulated against your vehicle.

1	
2	You are responsible for paying the towing company any outstanding balance
3	due on any of these fees once the sale is complete.
4	
5	<u>Who is liable if my vehicle was damaged during towing or storage?</u>
6	
7	Generally the owner of a vehicle may recover for any damage to the vehicle
8	resulting from any intentional or negligent act of a person causing the removal
9	of, or removing, the vehicle.
10	
11	<u>What happens if a towing company violates the law?</u>
12	
13	If a tow company does not satisfactorily meet certain requirements detailed in
14	this notice, you may bring a lawsuit in court, generally in small claims court.
15	The tower may be civilly liable for damages up to two times the amount
16	charged, not to exceed \$500, and possibly more for certain violations.
17	
18	

(e) “Itemized invoice,” as used in this section, means a written document that contains the following information. Any document that substantially complies with this subdivision shall be deemed an “itemized invoice” for purposes of this section:

- (1) The name, address, telephone number, and carrier identification number as required by subdivision (a) of Section 34507.5 of the person that is charging for towing and storage.
- (2) If ascertainable, the registered owner or operator’s name, address, and telephone number.
- (3) The date service was initiated.
- (4) The location of the vehicle at the time service was initiated, including either the address or nearest intersecting roadways.
- (5) A vehicle description that includes, if ascertainable, the vehicle year, make, model, odometer reading, license plate number, or if a license plate number is unavailable, the vehicle identification number (VIN).
- (6) The service dispatch time, the service arrival time of the tow truck, and the service completion time.
- (7) A clear, itemized, and detailed explanation of any additional services that caused the total towing-related service time to exceed

1 one hour between service dispatch time and service completion
2 time.

3 (8) The hourly rate or per item rate used to calculate the total
4 towing and recovery-related fees. These fees shall be listed as
5 separate line items.

6 (9) If subject to storage fees, the daily storage rate and the total
7 number of days stored. The storage fees shall be listed as a separate
8 line item.

9 (10) If subject to a gate fee, the date and time the vehicle was
10 either accessed, for the purposes of returning personal property,
11 or was released after normal business hours. Normal business hours
12 are Monday through Friday from 8:00 a.m. to 5:00 p.m., inclusive,
13 except state holidays. A gate fee shall be listed as a separate line
14 item.

15 (11) A description of the method of towing.

16 (12) If the tow was not requested by the vehicle's owner or
17 driver, the identity of the person or governmental agency that
18 directed the tow. This paragraph shall not apply to information
19 otherwise required to be redacted under Section 22658.

20 (13) A clear, itemized, and detailed explanation of any additional
21 services or fees.

22 (f) "Person," as used in this section, *includes those entities*
23 *described in subdivision (a) and* has the same meaning as described
24 in Section 470.

25 (g) An insurer or insurer's agent shall be permitted to pay for
26 towing and storage charges by bank draft.

27 (h) A person who violates this section is civilly liable to a
28 registered or legal owner of the vehicle, or a registered owner's
29 insurer, for up to two times the amount charged. For any action
30 brought under this section, liability shall not exceed five hundred
31 dollars (\$500) per vehicle.

32 (i) This section shall not apply to the towing or storage of a
33 repossessed vehicle by any person subject to, or exempt from, the
34 Collateral Recovery Act (Chapter 11 (commencing with Section
35 7500) of Division 3 of the Business and Professions Code).

36 (j) This section does not relieve a person from the obligation to
37 comply with the provision of any other law.

38 *SEC. 17. Section 22850.5 of the Vehicle Code is amended to*
39 *read:*

1 22850.5. (a) A city, county, or city and county, or a state
2 agency may adopt a regulation, ordinance, or resolution
3 establishing procedures for the release of properly impounded
4 vehicles *to the registered owner or the agent of the registered*
5 *owner* and for the imposition of a charge equal to its administrative
6 costs relating to the removal, impound, storage, or release of the
7 ~~vehicles.~~ *vehicles to the registered owner or to the agent of the*
8 *registered owner.* Those administrative costs may be waived by
9 the local or state authority upon verifiable proof that the vehicle
10 was reported stolen at the time the vehicle was removed.

11 (b) The following apply to any charges imposed for
12 administrative costs pursuant to subdivision (a):

13 (1) The charges shall only be imposed on the registered owner
14 or the agents of that owner and shall not include any vehicle towed
15 under an abatement program or sold at a lien sale pursuant to
16 Sections 3068.1 to 3074, inclusive, of, and Section 22851 of, the
17 Civil Code unless the sale is sufficient in amount to pay the
18 lienholder's total charges and proper administrative costs.

19 (2) Any charges shall be collected by the local or state authority
20 only from the registered owner or an agent of the registered owner.

21 (3) The charges shall be in addition to any other charges
22 authorized or imposed pursuant to this code.

23 (4) No charge may be imposed for any hearing or appeal relating
24 to the removal, impound, storage, or release of a vehicle unless
25 that hearing or appeal was requested in writing by the registered
26 or legal owner of the vehicle or an agent of that registered or legal
27 owner. In addition, the charge may be imposed only upon the
28 person requesting that hearing or appeal.

29 No administrative costs authorized under subdivision (a) shall
30 be charged to the legal owner who redeems the vehicle unless the
31 legal owner voluntarily requests a poststorage hearing. No city,
32 county, city and county, or state agency shall require a legal owner
33 or a legal owner's agent to request a poststorage hearing as a
34 requirement for release of the vehicle to the legal owner or the
35 legal owner's agent. The impounding agency, or any person acting
36 on behalf of the agency, shall not require the legal owner or the
37 legal owner's agent to produce any documents other than those
38 specified in paragraph (3) of subdivision (f) of Section 14602.6 or
39 paragraph (3) of subdivision (e) of Section 14602.7. The

1 impounding agency, or any person acting on behalf of the agency,
2 shall not require any documents to be notarized.

3 ~~SEC. 13. No reimbursement is required by this act pursuant to~~
4 ~~Section 6 of Article XIII B of the California Constitution because~~
5 ~~the only costs that may be incurred by a local agency or school~~
6 ~~district will be incurred because this act creates a new crime or~~
7 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
8 ~~for a crime or infraction, within the meaning of Section 17556 of~~
9 ~~the Government Code, or changes the definition of a crime within~~
10 ~~the meaning of Section 6 of Article XIII B of the California~~
11 ~~Constitution.~~

12 *SEC. 18. No reimbursement is required by this act pursuant*
13 *to Section 6 of Article XIII B of the California Constitution for*
14 *certain costs that may be incurred by a local agency or school*
15 *district because, in that regard, this act creates a new crime or*
16 *infraction, eliminates a crime or infraction, or changes the penalty*
17 *for a crime or infraction, within the meaning of Section 17556 of*
18 *the Government Code, or changes the definition of a crime within*
19 *the meaning of Section 6 of Article XIII B of the California*
20 *Constitution.*

21 *However, if the Commission on State Mandates determines that*
22 *this act contains other costs mandated by the state, reimbursement*
23 *to local agencies and school districts for those costs shall be made*
24 *pursuant to Part 7 (commencing with Section 17500) of Division*
25 *4 of Title 2 of the Government Code.*

O