AMENDED IN SENATE JULY 15, 1995

AMENDED IN ASSEMBLY MAY 26, 1995

AMENDED IN ASSEMBLY MAY 17, 1995

AMENDED IN ASSEMBLY APRIL 6, 1995

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL No. 1541

Introduced by Assembly Member Lee
(Principal coauthor: Assembly Member Bustamante)

February 24, 1995

An act to amend Sections 7500, 7500.1, 7500.2, 7500.3, 7502.1, 7502.2, 7502.5, 7503.4, 7503.9, 7504, 7506.3, 7506.5, 7506.7, 7506.8, 7506.9, 7506.10, 7506.11, 7506.13, 7507.2, 7507.3, 7507.4, 7507.5, 7507.6, 7507.7, 7507.9, 7507.10, 7508.2, 7508.3, 7508.4, 7508.5, 7510.1, 7510.2 and 7511 of, and to add Sections 7507.12 and 7507.13 to, the Business and Professions Code, and to amend Section 28 of, and to add Section 4022 to, the Vehicle Code, relating to repossessors.

LEGISLATIVE COUNSEL'S DIGEST

AB 1541, as amended, Lee. Repossessors.

The Repossessors Act licenses and regulates persons engaged in the business of repossessing personal property.

This bill would revise various provisions of that act. Among other things, this bill would do the following:

(1) Change the title of the act to the Collateral Recovery Act.

(2) Change references to personal property to collateral.

(3) ~~Specify that a licensed repossession agency and a legal owner, registered owner, lienholder, lessor, or lessee are not liable for the act or omission of each other in connection with making, accepting, or carrying out an assignment, as specified.~~

~~(4)~~ Specify the contents of an application for a license by a limited liability company *but provide that nothing in this bill permits a limited liability company to be licensed as a repossession agency.*

~~(5)~~

(4) Authorize a repossession agency to assign a license to another entity, with consent of the Chief of the Bureau of Security and Investigative Services, as specified.

~~(6)~~

(5) With respect to storing personal effects or other personal property not covered by a security agreement, delete the requirement that they be stored at the location of the licensed agency and waive the inventory requirement under specified circumstances. With respect to special license plates, as specified, provide for removal from a repossessed vehicle and disclosure to the registered owner that the plates will be destroyed if not claimed within 60 days.

~~(7)~~

(6) On the notice of seizure of a vehicle, specify that a repossession agency is not responsible for tire failure unless the failure is due to the negligence of the agency.

~~(8)~~

(7) With regard to collateral subject to registration under the Vehicle Code, provide that repossession occurs when the repossessor gains entry to the collateral or when the collateral becomes connected to a tow truck.

(8) Specify that a licensed repossession agency and a legal owner, registered owner, lienholder, lessor, or lessee are not liable for the act or omission of each other in connection with making, accepting, or carrying out an assignment, as specified.

(9) Delete as a prohibited act the failure to disclose in communications with the consumer that the repossession agency is attempting to collect a debt.

(10) ~~Existing~~ *Make clarifying and conforming changes.*

Existing law generally requires a vehicle to be registered before it may be driven or hauled on a highway.

This bill would exempt a repossessed vehicle from the registration requirement solely for the purpose of transporting it from the point of repossession to the storage facilities of the repossessor, and from those storage facilities to a licensed motor vehicle auction, as specified.

~~(11) Make clarifying and conforming changes.~~

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

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

SECTION 1. Section 7500 of the Business and Professions Code is amended to read:

7500. This chapter of the Business and Professions Code constitutes the chapter on repossessors. It may be cited as the ‘‘Collateral Recovery Act.’’

SEC. 2. Section 7500.1 of the Business and Professions Code is amended to read:

7500.1. The following terms as used in this chapter have the meaning expressed in this section.

(a) ‘‘Person’’ includes any individual, partnership, limited liability company, or corporation.

(b) ‘‘Department’’ means the Department of Consumer Affairs.

(c) ‘‘Director’’ means the Director of Consumer Affairs.

(d) ‘‘Bureau’’ means the Bureau of Security and Investigative Services.

(e) ‘‘Chief’’ means the Chief of the Bureau of Security and Investigative Services.

(f) ‘‘Licensee’’ means an individual, partnership, limited liability company, or corporation licensed under this chapter as a repossession agency.

(g) ‘‘Qualified certificate holder’’ or ‘‘qualified manager’’ is a person who possesses a valid qualification certificate in accordance with the provisions of Article 5 (commencing with Section 7504) and is in active control

or management of, and who is a director of, the licensee's place of business.

(h) ''Registrant'' means a person registered under this chapter.

(i) ''Services'' means any duty or labor to be rendered by one person for another.

(j) ''Dangerous drugs'' means any controlled substances as defined in Chapter 2 (commencing with Section 11053) of Division 10 of the Health and Safety Code.

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

(*l*) ''Combustibles'' means any substance or article that is capable of undergoing combustion or catching fire, or that is flammable, if retained.

(m) ''Health hazard'' means any personal effects which if retained would produce an unsanitary or unhealthful condition.

(n) ''Advertisement'' means any written or printed communication, including a directory listing, except a free telephone directory listing which does not allow space for a license number.

(o) ''Assignment'' means an authorization by the legal owner, lienholder, lessor or lessee to skip trace, locate, or repossess or to collect money payment in lieu of repossession of, any collateral, including, but not limited to, collateral registered under the Vehicle Code which is subject to a security agreement that contains a repossession clause. ''Assignment'' also means an authorization by an employer to recover any collateral entrusted to an employee or former employee if the possessor is wrongfully in possession of the collateral.

(p) ''Security agreement'' means an obligation, pledge, mortgage, chattel mortgage, lease agreement, deposit, or lien, given by a debtor as security for payment

or performance of his or her debt, by furnishing the creditor with a recourse to be used in case of failure in the principal obligation. ‘‘Security agreement’’ also includes a bailment where an employer-employee relationship exists or existed between the bailor and the bailee.

(q) ‘‘Legal owner’’ means a person holding a security interest in any collateral which is subject to a security agreement, a lien against any collateral, or an interest in any collateral that is subject to a lease agreement.

(r) ‘‘Private building’’ means and includes any dwelling, outbuilding, or other enclosed structure.

(s) ‘‘Secured area’’ means and includes any fenced and locked area.

(t) ‘‘Violent act’’ means any act which results in bodily harm or injury to any party involved.

(u) ‘‘Collateral’’ means any vehicle, boat, recreational vehicle, motor home, appliance, or other property which is subject to a security agreement.

(v) ‘‘Personal effects’’ means any property contained within repossessed collateral which is not the property of the legal owner.

SEC. 3. Section 7500.2 of the Business and Professions Code is amended to read:

7500.2. A repossession agency means and includes any person who, for any consideration whatsoever, engages in business or accepts employment to locate or recover collateral, including, but not limited to, collateral registered under the provisions of the Vehicle Code which is subject to a security agreement, except for any person registered pursuant to Article 7 (commencing with Section 7506).

SEC. 4. Section 7500.3 of the Business and Professions Code is amended to read:

7500.3. A repossession agency shall not include any of the following:

(a) Any bank subject to the jurisdiction of the Superintendent of Banks of the State of California or the Comptroller of the Currency of the United States.

(b) Any person organized, chartered, or holding a license or authorization certificate to make loans

pursuant to the laws of this state or the United States who is subject to supervision by any official or agency of this state or the United States.

(c) An attorney at law in performing his or her duties as an attorney at law.

(d) The legal owner of collateral which is subject to a security agreement.

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

(f) A person employed exclusively and regularly by one employer in connection with the affairs of that employer only, and where there exists an employer-employee relationship.

SEC. 5. Section 7502.1 of the Business and Professions Code is amended to read:

7502.1. (a) Any person who violates any provision of this chapter, or who conspires with another person to violate any provision of this chapter, or who knowingly engages a nonexempt unlicensed person to repossess collateral on his or her behalf is guilty of a misdemeanor, and is punishable by a fine of five thousand dollars ($5,000), or by imprisonment in the county jail for not more than one year, or by both the fine and imprisonment.

(b) A proceeding to impose the penalties specified in subdivision (a) may be brought in any court of competent jurisdiction in the name of the people of the State of California by the Attorney General or by any district attorney or city attorney, or with the consent of the district attorney, by the city prosecutor in any city or city and county having a full-time city prosecutor, for the jurisdiction in which the violation occurred. If the action is brought by a district attorney, the penalty collected shall be paid to the treasurer of the county in which the judgment is entered. If the action is brought by a city attorney or city prosecutor, one-half of the penalty collected shall be paid to the treasurer of the city in which the judgment was entered and one-half to the treasurer

of the county in which the judgment was entered. If the action is brought by the Attorney General, all of the penalty collected shall be deposited in the Private Investigator Fund.

SEC. 6. Section 7502.2 of the Business and Professions Code is amended to read:

7502.2. (a) Any financial institution that knowingly engages a nonexempt unlicensed person to repossess collateral on its behalf is guilty of a misdemeanor, and is punishable by a fine of five thousand dollars ($5,000).

(b) A proceeding to impose the fine specified in subdivision (a) may be brought in any court of competent jurisdiction in the name of the people of the State of California by the Attorney General or by any district attorney or city attorney, or with the consent of the district attorney, by the city prosecutor in any city or city and county having a full-time city prosecutor, for the jurisdiction in which the violation occurred. If the action is brought by a district attorney, the penalty collected shall be paid to the treasurer of the county in which the judgment is entered. If the action is brought by a city attorney or city prosecutor, one-half of the penalty collected shall be paid to the treasurer of the city in which the judgment was entered and one-half to the treasurer of the county in which the judgment was entered. If the action is brought by the Attorney General, all of the penalty collected shall be deposited in the Private Investigator Fund.

SEC. 7. Section 7502.5 of the Business and Professions Code is amended to read:

7502.5. The provisions of this chapter do not prevent the local authorities in any city, county, or city and county, by ordinance and within the exercise of the police power of the city, county, or city and county from requiring repossession agency licensees or registrants to register their names and a file copy of their state identification cards with the city, county, or city and county. No fee may be charged nor may any application be required by the city, county, or city and county for the registration.

SEC. 8. Section 7503.4 of the Business and Professions Code is amended to read:

7503.4. (a) If the applicant for a license is a corporation, the application shall state the true names and complete residence addresses of all officers. The application shall also state the name and address of the person to be actively in charge of the business for which the license is sought. The application shall be subscribed and verified by a duly authorized officer of the applicant and by the qualified certificate holder thereof. The application shall also state whether any of the officers has ever used an alias.

(b) If the applicant for a license is a limited liability company, the application shall state the true names and complete residence addresses of all owners and the name and address of the owner to be actively in charge of the business for which the license is sought. If a qualified certificate holder, other than an owner, is to be actively in charge of the business, then the application shall state the name and address of that person. The application shall be subscribed and verified by each owner and, if any other person is to be actively in charge of the business, the application shall also be subscribed and verified by that person. The application shall also state whether any of the owners has ever used an alias.

(c) Nothing in this chapter permits a domestic or foreign limited liability company to be licensed as a repossession agency.

SEC. 9. Section 7503.9 of the Business and Professions Code is amended to read:

7503.9. (a) Except as provided in this section, a repossession agency license issued under this chapter is not assignable.

(b) A repossession agency may apply to the chief for consent and, upon receipt of the consent and payment of the processing fee authorized by Section 7511, may assign a license to another business entity as long as the direct and indirect owners of the assignor own all of the assignee immediately after the assignment.

SEC. 10. Section 7504 of the Business and Professions Code is amended to read:

7504. (a) Except as otherwise provided in this chapter, an applicant for a qualification certificate shall comply with all of the following:

(1) Be at least 18 years of age.

(2) Have been, for at least two years of lawful experience, during the five years preceding the date on which his or her application is filed, a registrant or have had two years of lawful experience in recovering collateral within this state. Lawful experience means experience in recovering collateral as a registrant pursuant to this chapter or as a salaried employee of a financial institution or vehicle dealer.

Two years' experience shall consist of not less than 4,000 hours of actual compensated work performed by the applicant preceding the filing of an application.

An applicant shall substantiate the claimed hours of qualifying experience and the exact details as to the character and nature thereof by written certifications from the employer, subject to independent verification by the director as he or she may determine. In the event of inability of an applicant to supply the written certifications from the employer in whole or in part, applicants may offer other written certifications from persons other than employers substantiating employment for consideration by the director.

(3) Complete and forward to the bureau a qualified certificate holder application which shall be on a form prescribed by the director. The application shall be accompanied by two recent photographs of the applicant, of a type prescribed by the director, and two classifiable sets of his or her fingerprints. The residence address, residence telephone number, and driver's license number of each qualified certificate holder or applicant for a qualification certificate, if requested, shall be confidential pursuant to the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code) and shall not be released to the public.

(4) Pass the required examination.

(5) Pay the required application and examination fees to the bureau.

The amendments made to this section during the 1990 portion of the 1989–90 Regular Session shall only apply to applications filed on or after January 1, 1992.

(b) Upon the issuance of the initial qualification certificate or renewal qualification certificate, the bureau shall issue to the certificate holder a suitable pocket identification card which includes a photograph of the certificate holder. The photograph shall be of a size prescribed by the bureau. The card shall contain the name of the licensee with whom the certificate holder is employed.

SEC. 11. Section 7506.3 of the Business and Professions Code is amended to read:

7506.3. Except as otherwise provided in this article, every person entering the employ of a licensee or multiple licensee after the effective date of this article shall immediately complete an application for an initial registration or a reregistration and shall file the appropriate application with the chief within 15 working days after the commencement of employment for the licensee or multiple licensee for whom the applicant is employed. Applicants for registration must be at least 18 years of age.

(a) An initial registration application shall be required of those persons who have not previously submitted an application for registration, or been registered as a registrant.

(b) A reregistration application shall be required of those persons who have previously submitted or been registered as a registrant.

(c) No registrant of a multiple licensee shall be required to file more than one application for registration or reregistration for each multiple licensee.

SEC. 12. Section 7506.5 of the Business and Professions Code is amended to read:

7506.5. All information obtained on the application shall be confidential pursuant to the Information

Practices Act (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code) and shall not be released to the public except for the registrant's full name, the employer's name and address, and the registration number. The application shall be verified and shall include:

(a) The full name, residence address, residence telephone number, date and place of birth, and driver's license number of the applicant or registrant.

(b) A statement listing any and all names used by the applicant or registrant, other than the name by which he or she is currently known. If the applicant or registrant has never used a name other than his or her true name, this fact shall be set forth in the statement.

(c) The name and address of the employer and the date the employment commenced.

(d) The title of the position occupied by the applicant or registrant and a description of his or her duties.

(e) Two recent photographs of the applicant or registrant, of a type prescribed by the chief, and two classifiable sets of his or her fingerprints.

SEC. 13. Section 7506.7 of the Business and Professions Code is amended to read:

7506.7. Employees of a licensee who are engaged exclusively in stenographic, typing, filing, clerical, in-office skip tracing, or other office activities are not required to register under this article.

SEC. 14. Section 7506.8 of the Business and Professions Code is amended to read:

7506.8. (a) The director may refuse to register any applicant if the individual has failed to pay any or all fines assessed pursuant to Section 7501.7 and not resolved in accordance with that section, or has committed any act that, if committed by a licensee, would be grounds for refusing to issue a license or for the suspension or revocation of a license under this chapter, or has committed acts or crimes constituting grounds for denial of a license under Section 480.

The denial shall be in writing and shall describe the basis for the denial. The denial shall inform the applicant

that if he or she desires a hearing to contest the denial, the hearing shall be requested of the director, in writing, within 30 days of the issuance of the denial.

When a hearing is held under this section, it shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(b) The director may suspend or revoke a registration if the registrant has committed any act that, if committed by a licensee, would be grounds for refusing to issue a license or for the suspension or revocation of a license under this chapter.

SEC. 15. Section 7506.9 of the Business and Professions Code is amended to read:

7506.9. (a) Upon the issuance of the initial registration, reregistration or renewal, the chief shall issue to the registrant a suitable pocket identification card. At the request of the registrant, the identification card may include a photograph of the registrant. The photograph shall be of a size prescribed by the bureau. The card shall contain the name of the licensee with whom the registrant is employed.

(b) Until the registration certificate is issued or denied, a person may be assigned to work with a temporary registration on a secure form prescribed by the chief, and issued by the qualified certificate holder, that has been embossed by the bureau with the state seal for a period not to exceed 90 days from the date employment commenced; provided the person signs a declaration under penalty of perjury that he or she has not been convicted of a felony or committed any other act constituting grounds for denial of a registration pursuant to Section 7506.8 (unless he or she declares that the conviction of a felony or the commission of a specified act or acts occurred prior to the issuance of a registration by the chief and such conduct was not the cause of any subsequent suspension or termination of a registration), and that he or she has read and understands the provisions of this chapter.

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

(d) No person shall perform the duties of a registrant for a licensee unless the person has in his or her possession a valid repossessor registration card or evidence of a valid temporary registration or registration renewal as described in subdivision (b) of this section or subdivision (c) of Section 7506.10.

SEC. 16. Section 7506.10 of the Business and Professions Code is amended to read:

7506.10. (a) Every registration that expires on or after January 1, 1985, shall be placed on a cyclical renewal and shall expire one year following the date of issuance or assigned renewal date. In order to implement cyclical renewal, the population of registrants shall be divided into 12 equal groups, the licenses of those in each group to expire on the last day of each successive month.

Notwithstanding any other provision of law, the bureau has authority to extend or shorten the first term of licensure following January 1, 1985, and to prorate the required license fee in order to implement this cyclical renewal.

(b) All registrations issued on or before the effective date of this section shall expire on December 31, 1984, and every year thereafter, unless renewed as provided in this section, except for those registrations issued on or after January 1, 1984, which shall expire on December 31, 1985, and every year thereafter, unless renewed as provided in this section.

(c) At least 60 days prior to the expiration, the bureau shall mail a renewal form to the registrant at the licensee's place of business. A registrant who desires to renew his or her registration shall forward to the bureau for each registration the properly completed renewal form obtained from the bureau, with the renewal fee prescribed by this chapter, for renewal of his or her registration. Until the registration renewal certificate is

issued, a registrant may continue to work with a temporary registration renewal certificate on a secure form prescribed by the chief and issued by the qualified certificate holder that has been embossed by the bureau with the state seal for a period not to exceed 90 days from the date of expiration of the registration.

(d) A licensee shall provide to his or her registrants information regarding procedures for renewal of registration.

(e) A registration that is not renewed within 60 days after its expiration may not be renewed. If the registration is renewed within 60 days after its expiration, the registrant, as a condition precedent to renewal, shall pay the renewal fee and also pay the delinquency fee prescribed in this chapter. Registrants working with expired registrations shall pay all accrued fees and penalties prior to renewal or reregistration.

(f) The delinquency fee is 50 percent of the renewal fee in effect on the date of expiration, but not less than twenty-five dollars ($25).

(g) Upon renewal, evidence of renewal, as the director may prescribe, shall be issued to the registrant. If evidence of renewal has not been delivered to the registrant prior to the date of expiration, the registrant may present evidence of renewal to substantiate continued registration for a period not to exceed 60 days after the date of expiration or a temporary registration renewal certificate as described in subdivision (c).

(h) A registration shall not be renewed until any and all fines assessed pursuant to this chapter and not resolved in accordance with this chapter have been paid.

SEC. 17. Section 7506.11 of the Business and Professions Code is amended to read:

7506.11. (a) Each registration is valid until the registrant ceases employment with the licensee indicated on the registration card or until the registration expires.

(b) Each person registered under this article shall notify the chief, in writing, within 30 days of any change in employment with a licensee. If the person ceases to be employed by a licensee, the licensee shall notify the chief,

in writing, within 30 days. The registered individual shall surrender his or her registration card to the licensee. The licensee shall forward the registration card to the chief. If at some subsequent time the person is again employed by a licensee, he or she shall apply for reregistration in the manner provided in this article.

(c) Each registrant, while registered, shall notify the chief, in writing, within 30 days after any change in his or her residence address.

SEC. 18. Section 7506.13 of the Business and Professions Code is amended to read:

7506.13. (a) The licensee shall at all times be responsible for ascertaining that his or her registrants are currently registered or have made proper application for registration as provided in this article. The licensee may not have in his or her employment a person subject to registration who has not registered within the time required or whose registration has expired or been revoked, denied, suspended, or canceled.

(b) The bureau shall keep current and accurate records of all persons registered under this article.

SEC. 19. Section 7507.2 of the Business and Professions Code is amended to read:

7507.2. (a) A licensee is responsible for those actions that are performed in violation of this chapter by his or her registrants, including his or her manager, when acting within the course and scope of his or her employment or contract.

(b) Each licensee shall maintain a file or record of the name, address, commencing date of employment or retention, and position of each registrant, and the date of termination of employment when a registrant is terminated. The file and records, together with usual payroll records, shall be available for inspection by the bureau, and copies thereof, and information pertaining thereto or contained therein, shall be submitted to the bureau upon request.

SEC. 20. Section 7507.3 of the Business and Professions Code is amended to read:

7507.3. A repossession agency shall be required to keep and maintain adequate records of all transactions, including, but not limited to, assignment forms; vehicle report of repossession required by Section 28 of the Vehicle Code; vehicle condition reports, including odometer readings; personal effects inventory; notice of seizure; and records of all transactions pertaining to the sale of collateral which has been repossessed, including, but not limited to, bids solicited and received, cash received, deposits made to the trust account, remittances to the seller, and allocation of any moneys not so remitted to appropriate ledger accounts. Records, including bank statements of the trust account, shall be retained for a period of not less than four years and shall be available for examination by the bureau upon demand. In addition, collateral and personal effects storage areas shall be made accessible for inspection by the bureau upon demand.

SEC. 21. Section 7507.4 of the Business and Professions Code is amended to read:

7507.4. A licensee shall not engage in business or accept employment to collect claims owed or due or asserted to be owed or due to another unless the licensee has complied with the provisions of Chapter 8 (commencing with Section 6850), in addition to complying with the provisions of this chapter. A licensed repossession agency or its registrants may, however, make demand for payment in lieu of repossession, if the demand is made pursuant to an assignment for repossession.

In making demand upon a debtor for a money payment in lieu of repossession, the repossessor shall present the demand in compliance with the Robbins-Rosenthal Fair Debt Collection Act (Title 1.6C (commencing with Section 1788) of Part 4 of Division 3 of the Civil Code), setting forth in the demand only the amount that was specified by the creditor in the repossession referral and the fees that are properly chargeable. Itemized receipts shall be furnished the debtor at the time payment is received. Payments received shall forthwith be transmitted to the creditor, disclosing the full amount of

money received from the debtor in addition to the contract payments.

SEC. 22. Section 7507.5 of the Business and Professions Code is amended to read:

7507.5. No charge shall be made for services incurred in connection with the recovery, transportation, and storage of collateral except under terms agreed to by the legal owner at the time of the repossession authorization or specifically agreed upon at a subsequent time. Repair work may not be charged to the legal owner unless expressly authorized by him or her.

SEC. 23. Section 7507.6 of the Business and Professions Code is amended to read:

7507.6. Within seven days after a violent act has occurred involving a licensee, or any officer, partner, qualified certificate holder, registrant or employee of a licensee, while acting within the course and scope of his or her employment or contract, that results in a police report or bodily harm or bodily injury, the licensee or the licensee's qualified certificate holder or registrant, shall mail or deliver to the chief a notice concerning the incident upon a form provided by the bureau.

SEC. 24. Section 7507.7 of the Business and Professions Code is amended to read:

7507.7. Within seven days after receiving a final civil court judgment filed against the licensee or any officer, partner, qualified certificate holder, or registrant of a licensee, for an amount of more than the then prevailing maximum claim that may be brought in a small claims court pertaining to an act done within the course and scope of his or her employment or contract, the licensee, or his or her qualified certificate holder, or his or her registrant, shall mail or deliver to the chief a copy of the judgment.

SEC. 25. Section 7507.9 of the Business and Professions Code is amended to read:

7507.9. If personal effects or other personal property, not covered by a security agreement, are contained in or on collateral at the time it is recovered, the effects shall be removed from the collateral subject to the security

interest, a complete and accurate inventory shall be made, and the personal effects shall be labeled and stored by the licensee for a minimum of 60 days in a secure manner, except those personal effects removed by or in the presence of the registered owner or the party in possession of the collateral at the time of the repossession.

(a) The date and time the inventory is made shall be indicated and shall be signed by the repossession agency registrant or employee who performs the inventory.

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

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

(2) Combustibles shall be inventoried and noted as ‘‘disposed of, dangerous combustible,’’ and the item shall be disposed of in a reasonable and safe manner.

(3) Food and other health hazard items shall be inventoried and noted as ‘‘disposed of, health hazard,’’ and disposed of in a reasonable and safe manner.

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

(d) The inventory shall include the name, address, business hours, and phone number of the person at the repossession agency to contact for recovering the personal effects and an itemization of all personal effect removal and storage charges that will be made by the repossession agency. The inventory shall also include the following statement: ‘‘Please be advised that the property listed on this inventory will be disposed of by the

repossession agency after being held for 60 days from the date of this notice IF UNCLAIMED.''

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

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

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

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

(f) Environmental, Olympic, special interest, or other license plates issued pursuant to Article 8 (commencing with Section 5000), Article 8.4 (commencing with Section 5060) or Article 8.5 (commencing with Section 5100) of Chapter 1 of Division 3 of the Vehicle Code that remain the personal effects of the registered owner shall be removed from the collateral and inventoried pursuant to this section. If the plates are not claimed by the registered owner within 60 days, they shall be effectively destroyed and the licensee shall, within 30 days thereafter, notify the Department of Motor Vehicles of their effective destruction on a form promulgated by the chief which has been approved as to form by the Director of the Department of Motor Vehicles.

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

(h) The consumer may waive the preparation and presentation of an inventory if the consumer redeems the personal effects or other personal property not covered

by a security interest within the time period for the notices required by this section and signs a statement that he or she has received all the property.

SEC. 26. Section 7507.10 of the Business and Professions Code is amended to read:

7507.10. Each licensee shall serve a consumer with a notice of seizure as soon as possible after the recovery of collateral and not later than 48 hours, except that if the 48-hour period encompasses a Saturday, Sunday, or postal holiday, the notice of seizure shall be provided not later than 72 hours or, if the 48-hour period encompasses a Saturday or Sunday and a postal holiday, the notice of seizure shall be provided not later than 96 hours, after the repossession of collateral, which notice shall include all of the following:

(a) The name, address, and phone number of the representative of the legal owner to be contacted regarding the repossession.

(b) The name, address, and phone number of the representative of the repossession agency to be contacted regarding the repossession.

(c) A statement printed on the notice containing the following: ‘‘Repossessors are regulated by the Bureau of Security and Investigative Services, Department of Consumer Affairs, Sacramento, CA 95814. Repossessors are required to provide you, not later than 48 hours after the recovery of collateral, with an inventory of personal effects or other personal property recovered during repossession unless the 48-hour period encompasses a Saturday, Sunday, or a postal holiday, then the inventory shall be provided no later than 96 hours after the recovery of collateral.’’

(d) A disclosure that ‘‘Damage to a vehicle during or subsequent to a repossession and only while the vehicle is in possession of the repossession agency and which is caused by the repossession agency is the liability of the repossession agency. A mechanical or tire failure shall not be the responsibility of the repossession agency unless the failure is due to the negligence of the repossession agency.’’

(e) If applicable, a disclosure that environmental, Olympic, special interest, or other license plates issued pursuant to Article 8 (commencing with Section 5000), Article 8.4 (commencing with Section 5060) or Article 8.5 (commencing with Section 5100) of Chapter 1 of Division 3 of the Vehicle Code that remain the personal effects of the registered owner will be removed from the collateral and inventoried, and that if the plates are not claimed by the registered owner within 60 days, they will be destroyed.

The notice may be given by regular mail addressed to the last known address of the consumer or by personal service at the option of the repossession agency.

SEC. 27. Section 7507.12 is added to the Business and Professions Code, to read:

7507.12. With regard to collateral subject to registration under the Vehicle Code, a repossession occurs when the repossessor gains entry to the collateral or when the collateral becomes connected to a tow truck.

SEC. 28. Section 7507.13 is added to the Business and Professions Code, to read:

7507.13. (a) A licensed repossession agency is not liable for the act or omission of a legal owner, registered owner, lienholder, lessor, or lessee in making an assignment to it or for accepting an assignment from any legal owner, registered owner, lienholder, lessor, or lessee and is entitled to indemnity from the legal owner, registered owner, lienholder, lessor, or lessee for any loss, damage, cost, or expense, including court costs and attorney's fees, that it may reasonably incur as a result thereof. *Nothing in this subdivision limits the liability of any person for his or her tortious conduct.*

(b) The legal owner, registered owner, lienholder, lessor, or lessee is not liable for any act or omission by a licensed repossession agency in carrying out an assignment and is entitled to indemnity from the repossession agency for any loss, damage, cost, or expense, including court costs and attorney's fees, that the legal owner, registered owner, lienholder, lessor, or lessee may reasonably incur as a result thereof. *Nothing*

in this subdivision limits the liability of any person for his or her tortious conduct.

(c) The legal owner, registered owner, lienholder, ~~lessor, or lessee is not liable for negligence in hiring a repossessor required to be licensed pursuant to this chapter~~ *lessor, or lessee is not guilty of a violation of Section 7502.1 or 7502.2* if, at the time of the assignment, the party making the assignment has in its possession a copy of the repossessor's current, unexpired repossession agency license and does not have actual knowledge of any order of suspension or revocation of the license.

(d) Neither a licensed repossession agency nor a legal owner, registered owner, lienholder, lessor or lessee may, by any means, direct or indirect, express or implied, instruct or attempt to coerce the other to violate any law, regulation, or rule regarding the recovery of any collateral, including, but not limited to, the provisions of this chapter or Section 9503 of the Commercial Code.

SEC. 29. Section 7508.2 of the Business and Professions Code is amended to read:

7508.2. The director may assess administrative fines for any of the following prohibited acts:

(a) Recovering collateral or making any money demand in lieu thereof, including, but not limited to, collateral registered under the Vehicle Code, which has been sold under a security agreement before a signed or telegraphic authorization has been received from the legal owner, registered owner, lienholder, lessor, or repossession agency acting on behalf of the legal owner, registered owner, lienholder, or lessor of the collateral. A telephonic assignment is acceptable if the legal owner, registered owner, lienholder, lessor, or repossession agency acting on behalf of the legal owner, registered owner, lienholder, or lessor is known to the licensee and a written authorization from the legal owner, registered owner, lienholder, lessor, or repossession agency acting on behalf of the legal owner, registered owner, lienholder, or lessor is received by the licensee within 10 working days or a request by the licensee for a written authorization from the legal owner, registered owner,

lienholder, lessor, or repossession agency acting on behalf of the legal owner, registered owner, lienholder, or lessor is made in writing within 10 working days. Referrals of assignments from one licensee to another licensee are acceptable. The referral of an assignment shall be made under the same terms and conditions as in the original assignment. The fine shall be twenty-five dollars ($25) for each of the first five violations and one hundred dollars ($100) for each violation thereafter, per audit.

(b) Using collateral or personal effects, which have been recovered, for the personal benefit of a licensee, or officer, partner, manager, registrant, or employee of a licensee. The fine shall be twenty-five dollars ($25) for the first violation and one hundred dollars ($100) for each violation thereafter. This subdivision does not apply to personal effects disposed of pursuant to subdivision (c) of Section 7507.9.

(c) Selling collateral recovered under the provisions of this chapter, except with written authorization from the legal owner or mortgagee thereof. The fine shall be one hundred dollars ($100) for the first violation and five hundred dollars ($500) for each violation thereafter, per audit.

(d) Failing to remit all money due clients within 10 working days after finalization of the sale of collateral. The licensee shall deposit all money received in the form of cash or negotiable instruments made payable to the licensee for money due clients from the sale of collateral which has been repossessed in a trust account within five working days, and the money shall be withdrawn only for remittance to the client and for the payment of amounts due the licensee. The fine shall be two hundred fifty dollars ($250) for the first violation and one thousand dollars ($1,000) for each violation thereafter. For purposes of this subdivision, ‘‘finalization of sale’’ means the time when the documents of title or ownership which permit transfer of title from the legal owner to the purchaser are received by the repossession agency.

(e) Failing to remit moneys collected in lieu of repossession or redemption to a client within 10 working

days after receipt of the moneys. The fine shall be two hundred fifty dollars ($250) for the first violation and one thousand dollars ($1,000) for each violation thereafter.

(f) Failing to deliver to a client any negotiable instrument received by the licensee made payable to the client within 10 working days of receipt of the negotiable instrument. No licensee, manager, registrant, or employee of a licensee shall accept a negotiable instrument made payable to a client unless they have authorization from the client to accept such a negotiable instrument. The fine shall be two hundred fifty dollars ($250) for the first violation and one thousand dollars ($1,000) for each violation thereafter.

(g) Unlawfully entering any private building or secured area without the consent of the owner, or of the person in legal possession thereof, at the time of repossession. The fine shall be five hundred dollars ($500) for each violation.

(h) Committing unlawful assault or battery on another person. The fine shall be five hundred dollars ($500) for each violation.

(i) Falsification or alteration of an inventory. The fine shall be twenty-five dollars ($25) for each violation.

(j) Soliciting from the legal owner the recovery of specific collateral registered under the Vehicle Code or under the motor vehicle licensing laws of other states after the collateral has been seen or located on a public street or on public or private property without divulging the location of the vehicle. The fine shall be one hundred dollars ($100) for the first violation and two hundred fifty dollars ($250) for each violation thereafter.

SEC. 30. Section 7508.3 of the Business and Professions Code is amended to read:

7508.3. A licensee, or any of his or her registrants or employees, or a qualified certificate holder, shall be prohibited from using any false or misleading representation during the course of recovery of collateral and may be issued a notice of warning for the first violation; assessed a twenty-five dollar ($25) fine for the second violation; and assessed a one hundred dollar

($100) fine for any subsequent violation of any of the following:

(a) The false representation or implication that the individual is vouched for, bonded by, or affiliated with the United States or with any state, county, city, or city and county, including the use of any badge, uniform, or facsimile thereof.

(b) The false representation or implication that any individual is an attorney or that any communication is from any attorney.

(c) The representation or implication by a repossession agency or its registrants or employees that nonpayment of any debt will result in the arrest or imprisonment of any person or the seizure, garnishment, attachment, or sale of any property or wages of any person, unless the action is lawful and the creditor has instructed the repossession agency to inform the consumer that the creditor intends to take the action.

(d) The threat to take any action that cannot legally be taken or that is not intended to be taken.

(e) The false representation or implication that the consumer committed any crime or other conduct in order to disgrace the consumer.

(f) The use or distribution of any written communication which simulates or is falsely represented to be a document authorized, issued, or approved by any court, official, or agency of the United States or any state, or which creates a false impression as to its source, authorization, or approval.

(g) The false representation or implication that documents are legal process.

(h) The use of any business, company, or organization name other than the true name of the repossession agency's business, company, or organization.

(i) The use of any deceptive forms.

SEC. 31. Section 7508.4 of the Business and Professions Code is amended to read:

7508.4. The director may assess administrative fines for any of the following prohibited acts:

(a) Conducting business from any location other than that location to which a license was issued or conducting a business as an individual, partnership, limited liability company, or corporation unless the licensee holds a valid license issued to that exact same individual, partnership, limited liability company, or corporation. The fine shall be one thousand dollars ($1,000) for each violation.

(b) Aiding or abetting an unlicensed repossessor or assigning his or her license. ‘‘Assigning his or her license’’ means that no licensee shall permit a registrant, employee, or agent in his or her own name to advertise, engage clients, furnish reports, or present bills to clients, or in any manner whatsoever to conduct business for which a license is required under this chapter. The fine shall be one thousand dollars ($1,000) for each violation.

(c) Failing to register registrants within 15 days. The fine shall be twenty-five dollars ($25) for each of the first two violations and one hundred dollars ($100) for each violation thereafter, per audit.

(d) Employing a person whose registration has expired or been revoked, denied, suspended, or canceled, if the bureau has furnished a listing of these persons to the licensee. The fine shall be twenty-five dollars ($25) for each violation.

(e) Failing to notify the bureau, within 30 days, of any change in officers. A notice of warning shall be issued for the first violation. Thereafter, the fine shall be twenty-five dollars ($25) for each violation.

(f) Failing to present the debtor with an itemized receipt of payment, if payment is made in lieu of repossession. The fine shall be twenty-five dollars ($25) for the first violation and one hundred dollars ($100) for each violation thereafter.

(g) Failing to submit a notice regarding a violent act within seven days pursuant to Section 7507.6 or to submit a copy of a judgment awarded against the licensee for an amount of more than the then prevailing maximum claim that may be brought in small claims court within seven days pursuant to Section 7507.7. The fine shall be

twenty-five dollars ($25) for the first violation and one hundred dollars ($100) per violation thereafter.

(h) Failing to include the licensee's name, address, and license number in any advertisement. A notice of warning shall be issued for the first violation. Thereafter, the fine shall be twenty-five dollars ($25) for each violation.

(i) Failing to maintain personal effects for at least 60 days. The fine shall be twenty-five dollars ($25) for the first violation and one hundred dollars ($100) for each violation thereafter.

(j) Failing to provide a personal effects list or a notice of seizure within the time limits set forth in Section 7507.9 or 7507.10. The fine shall be twenty-five dollars ($25) for the first violation and one hundred dollars ($100) for each violation thereafter.

(k) Failing to file the required report pursuant to Section 28 of the Vehicle Code. The fine shall be twenty-five dollars ($25) for each of the first five violations and one hundred dollars ($100) for each violation thereafter, per audit.

(*l*) Failing to maintain an accurate record and accounting of secure temporary registration forms. The qualified certificate holder shall be fined twenty-five dollars ($25) for the first violation, one hundred dollars ($100) for the second violation, two hundred fifty dollars ($250) for the third violation, and two hundred fifty dollars ($250) plus a one year suspension of the privilege to issue temporary registrations pursuant to Section 7506.9 for the fourth and subsequent violations.

(m) Representing that a licensee has an office and conducts business at a specific address when that is not the case. The fine shall be five thousand dollars ($5,000) for each violation.

SEC. 32. Section 7508.5 of the Business and Professions Code is amended to read:

7508.5. The director may assess administrative fines against a repossession agency registrant for the following acts, in addition to fines imposed pursuant to any other

section in this article. The fine shall be twenty-five dollars ($25) for each of the following violations:

(a) Knowingly submit a false report to his or her employer.

(b) Submitting a report to a client without authorization by his or her employer.

(c) Failing to carry a bureau-issued identification card and failing to show that card upon demand to a bureau employee or a law enforcement officer.

(d) Failing to register.

(e) Failing to return his or her registration card to the employer upon termination.

(f) Failing to report a violent act involving the registrant to the licensee or the licensee's qualified certificate holder within 24 hours.

SEC. 33. Section 7510.1 of the Business and Professions Code is amended to read:

7510.1. In addition to any other remedies authorized by this chapter, the director may suspend or revoke a repossession agency license, a qualification certificate, or registration issued under this chapter if the director determines that the licensee or the licensee's manager, if an individual, or if the licensee is a person other than an individual, that any of its officers, partners, registrants, employees, or its manager, has:

(a) Made any false statement or given any false information in connection with an application for a license or a renewal or reinstatement of a license.

(b) Violated any provisions of this chapter.

(c) Violated any rule of the director adopted pursuant to authority contained in this chapter.

(d) Been convicted of a felony or any crime substantially related to the repossession agency business including illegally using, carrying, or possessing a deadly weapon.

(e) Committed or permitted any registrant or employee to commit any act while the license was expired which would be cause for the suspension or revocation of a license, or grounds for the denial of an application for a license.

(f) Unlawfully committed assault, battery, or kidnapping, or used force or violence on any person.

(g) Knowingly violated, or advised, encouraged, or assisted the violation of any court order or injunction in the course of business as a licensee.

(h) Been convicted of a violation of Section 148 of the Penal Code, resisting or obstructing a public officer.

(i) Committed any act which is a ground for denial of an application for license under this chapter.

(j) Committed any act prohibited by Chapter 1.5 (commencing with Section 630) of Title 15 of Part 1 of the Penal Code.

(k) Committed any act in the course of the licensee's business constituting dishonesty or fraud, including, but not limited to:

(1) Knowingly making a false statement relating to evidence or information obtained in the course of employment, or knowingly publishing a slander or a libel in the course of business.

(2) Using illegal means in the collection or attempted collection of a debt or obligation.

(*l*) Represented that the licensee has an office and conducts business at a specific address when that is not the case.

SEC. 34. Section 7510.2 of the Business and Professions Code is amended to read:

7510.2. (a) Any licensee, or any officer, partner, registrant, employee, or manager of a licensee, who is found by the director to have committed any acts prohibited by Section 7510.1, resulting in revocation of a license, shall dispose of any financial interest in any repossession agency required to be licensed by this act within 90 days of the effective date of the revocation, or at a later date, approved in writing by the director, not to exceed 180 days.

(b) No licensee, or any officer, partner, registrant, employee, or manager of a licensee, who is found by the director to have committed any acts prohibited by Section 7510.1, shall, during the period of suspension or

revocation, acquire any financial interest in any repossession agency required to be licensed by this act.

(c) The requirements and prohibitions of this section shall also apply to any immediate family member of a licensee, or officer, partner, registrant, employee, or manager of a licensee, if the family member actively participated in the management or operation of the repossession agency whose license was revoked.

(d) Any immediate family member of a licensee, or officer, partner, registrant, employee, or manager of a licensee, not subject to subdivision (c), shall dispose of all financial interest in the repossession agency of the licensee whose license was revoked, within the time period required in subdivision (a).

(e) Any financial interest transferred for the purpose of avoiding the prohibitions of this section shall be deemed a financial interest of the transferor.

(f) As used in this section, ‘‘financial interest’’ includes, but is not limited to, any type of ownership interest, debt, loan, lease, compensation, remuneration, discount, rebate, refund, dividend, distribution, subsidy, or other form of direct or indirect payment, whether in money or otherwise.

(g) As used in this section, ‘‘immediate family’’ includes one’s spouse, children, parents, siblings, and spouses of one’s children or siblings.

SEC. 35. Section 7511 of the Business and Professions Code, as amended by Section 2 of Chapter 1285 of the Statutes of 1994, is amended to read:

7511. Effective January 1, 1995, the bureau shall establish and assess fees and penalties for licensure and registration as displayed in this section. The fees prescribed by this chapter are as follows:

(a) The application fee for an original repossession agency license is eight hundred twenty-five dollars ($825).

(b) The application fee for an original qualification certificate is three hundred twenty-five dollars ($325).

(c) The renewal fee for a repossession agency license is four hundred seventy-five dollars ($475) annually.

(d) The renewal fee for a license as a qualified certificate holder is two hundred twenty-five dollars ($225) annually.

(e) Notwithstanding Section 163.5, the reinstatement fee for a repossession agency license required pursuant to Sections 7503.11 and 7505.3 is the amount equal to the renewal fee plus a penalty of 50 percent thereof.

(f) Notwithstanding Section 163.5, the reinstatement fee for a license as a qualified certificate holder required pursuant to Sections 7504.7 and 7503.11 is the amount equal to the renewal fee plus a penalty of 50 percent thereof.

(g) A fee for reexamination of an applicant for a qualified manager is thirty dollars ($30).

(h) An initial registrant registration fee is seventy-five dollars ($75), a registrant reregistration fee is thirty dollars ($30), and a repossessor employee annual renewal fee is thirty dollars ($30) per registration. Notwithstanding Section 163.5 and this subdivision, the reregistration fee for a registrant whose registration expired more than one year prior to the filing of the application for reregistration shall be seventy-five dollars ($75).

(i) The delinquency fee is 50 percent of the renewal fee in effect on the date of expiration, but not less than twenty-five dollars ($25).

(j) The fingerprint processing fee is that amount charged the bureau by the Department of Justice.

(k) The director shall furnish one copy of any issue or edition of the licensing law and rules and regulations to any applicant or licensee without charge. The director shall charge and collect a fee of ten dollars ($10) plus sales tax for each additional copy which may be furnished on request to any applicant or licensee, and for each copy furnished on request to any other person.

(*l*) The processing fee for the assignment of a repossession agency license pursuant to Section 7503.9 is one hundred twenty-five dollars ($125).

All fees, except any sales tax, received pursuant to this chapter shall be deposited in the Private Security Services Fund.

This section shall become operative January 1, 1995, and shall remain in effect only until January 1, 1998, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 1998, deletes or extends that date.

SEC. 36. Section 7511 of the Business and Professions Code, as amended by Section 3 of Chapter 1285 of the Statutes of 1994, is amended to read:

7511. The fees prescribed by this chapter are as follows:

(a) The application fee for an original repossession agency license is seven hundred fifty dollars ($750).

(b) The application fee for an original qualification certificate is two hundred fifty dollars ($250).

(c) The renewal fee for a repossession agency license is four hundred fifty dollars ($450) annually.

(d) The renewal fee for a license as a qualified certificate holder is two hundred dollars ($200) annually.

(e) Notwithstanding Section 163.5, the reinstatement fee for a repossession agency license required pursuant to Sections 7503.11 and 7505.3 is the amount equal to the renewal fee plus a penalty of 50 percent.

(f) Notwithstanding Section 163.5, the reinstatement fee for a license as a qualified certificate holder required pursuant to Sections 7504.7 and 7503.11 is the amount equal to the renewal fee plus a penalty of 50 percent.

(g) The fee for reexamination of an applicant or the applicant's qualified certificate holder is ten dollars ($10).

(h) An initial registrant registration fee is fifty-five dollars ($55), a registrant reregistration fee is thirty dollars ($30), and a registrant annual renewal fee is thirty dollars ($30) per registration. Notwithstanding Section 163.5 and this subdivision, the reregistration fee for a repossessor employee whose registration expired more than one year prior to the filing of the application for reregistration shall be fifty-five dollars ($55).

(i) The fingerprint processing fee is that amount charged the bureau by the Department of Justice.

(j) The director shall furnish one copy of any issue or edition of the licensing law and rules and regulations to any applicant or licensee without charge. The director shall charge and collect a fee of three dollars ($3) plus sales tax for each additional copy which may be furnished on request to any applicant or licensee, and for each copy furnished on request to any other person.

(k) The processing fee for the assignment of a repossession agency license pursuant to Section 7503.9 is one hundred twenty-five dollars ($125).

All fees, except any sales tax, received pursuant to this chapter shall be deposited in the Private Security Services Fund.

This section shall become operative January 1, 1998.

SEC. 37. Section 28 of the Vehicle Code is amended to read:

28. (a) Whenever possession is taken of any vehicle by or on behalf of any legal owner thereof under the terms of a security agreement or lease agreement, the person taking possession shall immediately notify by the most expeditious means available the city police department where the taking of possession occurred, if within an incorporated city, or the sheriff's department of the county where the taking of possession occurred, if outside an incorporated city, and shall within one business day forward a written notice to the city police or sheriff's department.

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

SEC. 38. Section 4022 is added to the Vehicle Code, to read:

4022. A vehicle repossessed pursuant to the terms of a security agreement is exempt from registration solely for the purpose of transporting the vehicle from the point of repossession to the storage facilities of the repossessor, and from the storage facilities to the legal owner or a licensed motor vehicle auction, provided that the repossessor transports with the vehicle the appropriate documents authorizing the repossession and makes them available to a law enforcement officer on request.

O