

**ASSEMBLY BILL**

**No. 2410**

---

---

**Introduced by Assembly Member Shelley**  
(Principal coauthor: Senator Calderon)

February 20, 1998

---

---

An act to add Section 1793.26 to the Civil Code, relating to motor vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 2410, as introduced, Shelley. Motor vehicles: reacquisition agreements.

Existing law provides that certain contracts are null and void as against public policy, as specified.

This bill would provide that any automobile manufacturer, importer, or distributor who reacquires, or who assists a dealer or lienholder in reacquiring, a motor vehicle, whether by judgment, decree, arbitration award, settlement agreement, or voluntary agreement, shall be prohibited from either requiring, as a condition of the reacquisition of the motor vehicle, that a buyer or lessee who is a resident of this state agree not to disclose the problems with the vehicle experienced by the buyer or lessee or the terms of the reacquisition, or including, in any release or other agreement for signature by the buyer or lessee, a confidentiality clause, gag clause, or similar clause prohibiting the buyer or lessee from disclosing information to anyone about the problems with the vehicle, or the terms of the reacquisition of the vehicle; and would declare any such confidentiality clause, gag clause, or similar clause in such a release or other

agreement to be null and void as against the public policy of this state.

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

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

1 SECTION 1. Section 1793.26 is added to the Civil  
2 Code, to read:

3 1793.26. (a) Any automobile manufacturer,  
4 importer, or distributor who reacquires, or who assists a  
5 dealer or lienholder in reacquiring, a motor vehicle,  
6 whether by judgment, decree, arbitration award,  
7 settlement agreement, or voluntary agreement, is  
8 prohibited from doing either of the following:

9 (1) Requiring, as a condition of the reacquisition of the  
10 motor vehicle, that a buyer or lessee who is a resident of  
11 this state agree not to disclose the problems with the  
12 vehicle experienced by the buyer or lessee or the terms  
13 of the reacquisition.

14 (2) Including, in any release or other agreement,  
15 whether prepared by the manufacturer, importer,  
16 distributor, dealer, or lienholder, for signature by the  
17 buyer or lessee, a confidentiality clause, gag clause, or  
18 similar clause prohibiting the buyer or lessee from  
19 disclosing information to anyone about the problems with  
20 the vehicle, or the terms of the reacquisition of the  
21 vehicle by the manufacturer, importer, distributor,  
22 dealer, or lienholder.

23 (b) Any confidentiality clause, gag clause, or similar  
24 clause in such a release or other agreement in violation of  
25 this section shall be null and void as against the public  
26 policy of this state.

O

