

**ASSEMBLY BILL**

**No. 2051**

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**Introduced by Assembly Member Robert Pacheco**

February 22, 2000

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An act to amend Section 9614 of the Commercial Code, relating to secured transactions.

LEGISLATIVE COUNSEL'S DIGEST

AB 2051, as introduced, Robert Pacheco. Commercial law: secured transactions.

Existing commercial law governs security interests in personal property and fixtures, as well as certain sales of accounts, contract rights, and chattel paper. Existing law on and after July 1, 2001, provides, as to secured transactions, that upon default a secured party may sell, lease, license, or otherwise dispose of collateral if specified requirements are met, including providing an authenticated notification of disposition to designated individuals. Existing law on and after July 1, 2001, requires that a notification of disposition sent after default in a consumer-goods transaction contain specified information.

This bill would revise the provisions operative on and after July 1, 2001, to generally provide that a secured creditor in a consumer-goods transaction that elects to waive its right to purchase collateral at a disposition may dispose of the collateral at a public or private sale if specified requirements are met. This bill would, however, also provide that certain types of collateral may be purchased by the secured creditor at a public or private sale.

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 9614 of the Commercial Code is  
2 amended to read:

3 9614. In a consumer-goods transaction, the following  
4 rules apply:

5 (1) A notification of disposition must provide all of the  
6 following information:

7 (A) The information specified in subdivision (1) of  
8 Section 9613.

9 (B) A description of any liability for a deficiency of the  
10 person to which the notification is sent.

11 (C) A telephone number from which the amount that  
12 must be paid to the secured party to redeem the collateral  
13 under Section 9623 is available.

14 (D) A telephone number or mailing address from  
15 which additional information concerning the disposition  
16 and the obligation secured is available.

17 (2) *Notwithstanding the requirements of subdivision*  
18 *(1), the following shall apply:*

19 (A) *If the secured creditor elects to waive its right to*  
20 *purchase the collateral at the disposition, it may dispose*  
21 *of the collateral at either a public or private sale and, for*  
22 *purposes of paragraph (E) of subdivision (1) of Section*  
23 *9613, the notice to the debtor need only provide the time*  
24 *after which the collateral will be sold regardless of the*  
25 *method of disposition, or, at the option of the secured*  
26 *creditor if the disposition will be by public sale, the notice*  
27 *may provide the time and place of the public sale. In*  
28 *addition, the notice must contain a statement that the*  
29 *secured creditor has waived its right to purchase the*  
30 *collateral at the time of disposition if the creditor has*  
31 *made that election.*

32 (B) *If the collateral is of a type that is customarily sold*  
33 *in a recognized market, or is the subject of widely or*  
34 *regularly distributed price quotations, the secured*



1 creditor may purchase the collateral at either a public or  
2 private sale.

3 (3) A particular phrasing of the notification is not  
4 required.

5 ~~(3)~~

6 (4) The following form of notification, when  
7 completed, provides sufficient information:

8

9

\_\_\_\_\_  
[Name and address of secured party]

10

11

\_\_\_\_\_  
[Date]

12

13

14

NOTICE OF OUR PLAN TO SELL PROPERTY

15

16

\_\_\_\_\_  
[Name and address of any obligor who is also a debtor]

17

18

Subject: \_\_\_\_\_

19

[Identification of Transaction]

20

We have your \_\_\_\_\_, because you broke promises

21

[describe collateral]

22

in our agreement.

23

We hereby \_\_\_\_\_ our right to purchase the collateral

24

[waive/preserve]

25

at the time of sale.

26

27

[For a public disposition:]

28

We will sell \_\_\_\_\_, at public sale. A sale could

29

[describe collateral]

30

include a lease or license. The sale will be held as follows:

31

Date: \_\_\_\_\_

32

33

Time: \_\_\_\_\_

34

35

Place: \_\_\_\_\_

36

37

You may attend the sale and bring bidders if you want.

38

39

[For a private disposition:]



1 We will sell \_\_\_\_\_ at private sale sometime  
2 [describe collateral]  
3 after \_\_\_\_\_.  
4 [date]  
5 A sale could include a lease or license.  
6  
7 The money that we get from the sale (after paying our costs)  
8 will reduce the amount you owe. If we get less money than you  
9 owe, you \_\_\_\_\_ still owe us the  
10 [will or will not, as applicable]  
11 difference. If we get more money than you owe, you will get  
12 the extra money, unless we must pay it to someone else.  
13  
14 You can get the property back at any time before we sell it by  
15 paying us the full amount you owe (not just the past due  
16 payments), including our expenses. To learn the exact amount  
17 you must pay, call us at \_\_\_\_\_.  
18 [telephone number]  
19  
20 If you want us to explain to you in writing how we have figured  
21 the amount that you owe us, you may call us  
22 at \_\_\_\_\_ [or write us at \_\_\_\_\_]  
23 [telephone number] [secured party's address]  
24 and request a written explanation. [We will charge you \$\_\_\_\_\_]  
25 for the explanation if we sent you another written explanation of  
26 the amount you owe us within the last six months.]  
27  
28 If you need more information about the sale call us  
29 at \_\_\_\_\_ [or write us at \_\_\_\_\_].  
30 [telephone number] [secured party's address]  
31  
32 We are sending this notice to the following other people who  
33 have an interest in \_\_\_\_\_ or who owe money under  
34 [describe collateral]  
35 your agreement: \_\_\_\_\_  
36 [Names of all other debtors and obligors, if any]  
37 (4)  
38



1 (5) A notification in the form of paragraph ~~(3)~~ (4) is  
2 sufficient, even if additional information appears at the  
3 end of the form.

4 ~~(5)~~

5 (6) A notification in the form of paragraph ~~(3)~~ (4) is  
6 sufficient, even if it includes errors in information not  
7 required by paragraph (1), unless the error is misleading  
8 with respect to rights arising under this division.

9 ~~(6)~~

10 (7) If a notification under this section is not in the form  
11 of paragraph—~~(3)~~ (4), law other than this division  
12 determines the effect of including information not  
13 required by paragraph (1).

