

AMENDED IN SENATE JUNE 15, 2000  
AMENDED IN SENATE MAY 25, 2000  
AMENDED IN ASSEMBLY MARCH 30, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**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 amended, 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 enact additional provisions relating to the disposal of collateral by a public sale if the collateral is a motor vehicle.

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) A particular phrasing of the notification is not  
18 required.  
19 ~~(3) If the collateral is a motor vehicle, a public~~  
20 ~~disposition includes, but is not limited to, the following~~  
21 ~~defined categories:~~  
22 ~~(A) Retail disposition by a retail seller of motor~~  
23 ~~vehicles who offers the collateral for sale or lease to the~~  
24 ~~general public in the same manner as goods that the seller~~  
25 ~~disposes of on its own behalf.~~  
26 ~~(B) Retail disposition made subsequent to advertising~~  
27 ~~in a publication with a recognized ability to attract motor~~  
28 ~~vehicle buyers and lessees and in a manner designed to~~  
29 ~~reach the buying and leasing public for vehicles of that~~  
30 ~~type and condition.~~  
31 ~~(4) The secured creditor shall ensure that the~~  
32 ~~consumer has reasonable access to the motor vehicle in~~  
33 ~~question in order to be able to exercise the right to~~  
34 ~~inspect.~~  
35 ~~(5)~~



(3) The following form of notification, when completed, provides sufficient information:

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

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

NOTICE OF OUR PLAN TO SELL PROPERTY

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

Subject: \_\_\_\_\_  
[Identification of Transaction]

We have your \_\_\_\_\_, because you broke promises  
[describe collateral]  
in our agreement.

[For a public disposition:]

We will sell \_\_\_\_\_, at public sale. A sale could  
[describe collateral]  
include a lease or license. The sale will be held as follows:

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

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

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

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

~~(For a public disposition pursuant to Section 9614(3)(A) or (B)):~~

*(For a public disposition pursuant to Section 9614(7)(A) or (7)(B)):*

We will sell \_\_\_\_\_  
(describe type of motor vehicle)

beginning on \_\_\_\_\_

—(insert date)

(date)

by offering it for retail sale or lease to the general public through  
(select the applicable provision:)



1 (A) Name of dealer \_\_\_\_\_  
 2 Address of dealer \_\_\_\_\_  
 3 *You may inspect the motor vehicle and encourage people to*  
 4 *purchase or lease it.*  
 5 ~~or~~ (or)  
 6 (B) Advertising it for sale to the general public to be purchased  
 7 from \_\_\_\_\_  
 8 ~~(insert name of secured creditor)~~  
 9 (name of secured creditor)  
 10 at \_\_\_\_\_  
 11 ~~(insert address where vehicle is to be sold)~~  
 12 (address where vehicle is to be sold)  
 13 You may inspect the motor vehicle and encourage people to  
 14 purchase or lease it.  
 15  
 16 [For a private disposition:]  
 17 We will sell \_\_\_\_\_ at private sale sometime  
 18 [describe collateral]  
 19 after \_\_\_\_\_.  
 20 [date]  
 21 A sale could include a lease or license.  
 22  
 23 The money that we get from the sale (after paying our costs)  
 24 will reduce the amount you owe. If we get less money than you  
 25 owe, you \_\_\_\_\_ still owe us the  
 26 [will or will not, as applicable]  
 27 difference. If we get more money than you owe, you will get  
 28 the extra money, unless we must pay it to someone else.



1  
 2 You can get the property back at any time before we sell it by  
 3 paying us the full amount you owe (not just the past due  
 4 payments), including our expenses. To learn the exact amount  
 5 you must pay, call us at \_\_\_\_\_.  
 6 [telephone number]

7  
 8 If you want us to explain to you in writing how we have figured  
 9 the amount that you owe us, you may call us  
 10 at \_\_\_\_\_ [or write us at \_\_\_\_\_]  
 11 [telephone number] [secured party's address]  
 12 and request a written explanation. [We will charge you \$\_\_\_\_\_]  
 13 for the explanation if we sent you another written explanation of  
 14 the amount you owe us within the last six months.]

15  
 16 If you need more information about the sale call us  
 17 at \_\_\_\_\_ [or write us at \_\_\_\_\_].  
 18 [telephone number] [secured party's address]

19  
 20 We are sending this notice to the following other people who  
 21 have an interest in \_\_\_\_\_ or who owe money under  
 22 [describe collateral]  
 23 your agreement: \_\_\_\_\_  
 24 [Names of all other debtors and obligors, if any]

25  
 26 ~~(6)~~  
 27 (4) A notification in the form of subdivision—~~(5)~~ (3) is  
 28 sufficient, even if additional information appears at the  
 29 end of the form.

30 ~~(7)~~  
 31 (5) A notification in the form of subdivision—~~(5)~~ (3) is  
 32 sufficient, even if it includes errors in information not  
 33 required by subdivision (1), unless the error is misleading  
 34 with respect to rights arising under this division.

35 ~~(8)~~  
 36 (6) If a notification under this section is not in the form  
 37 of subdivision—~~(5)~~ (3), law other than this division  
 38 determines the effect of including information not  
 39 required by subdivision (1).



1 (7) If the collateral is a motor vehicle, a public  
2 disposition includes, but is not limited to, the following  
3 defined categories:

4 (A) Retail disposition by a retail seller of motor  
5 vehicles who offers the collateral for sale or lease to the  
6 general public in the same manner as goods that the seller  
7 disposes of on the seller’s own behalf.

8 (B) Retail disposition made subsequent to advertising  
9 in a publication with a recognized ability to attract retail  
10 motor vehicle buyers and lessees and in a manner  
11 designed to reach the retail buying and leasing public for  
12 vehicles of that type and condition.

13 (C) The secured creditor shall ensure that the  
14 consumer has reasonable access to the motor vehicle in  
15 question in order to be able to exercise the right to inspect  
16 the motor vehicle.

17 (D) Nothing in this section shall be construed to alter  
18 or disturb any right to inspect a consumer good prior to  
19 sale under existing law.

20 ~~SEC. 2. Nothing in this act shall be construed to alter  
21 or disturb the holding in Bank of America v. Lallana  
22 (1998) 19 Cal.4th 203. This act does not define “public”  
23 and “private” sales in general, but defines a limited subset  
24 of “public sales” and provides a specific form of notice  
25 applicable to those sales.~~

26 *SEC. 2. Nothing in this act shall be construed to alter  
27 or disturb the holding in Bank of America v. Lallana  
28 (1998) 19 Cal.4th 203. This act does not define “public”  
29 and “private” sales and dispositions in general, but  
30 describes a limited subset of “public” sales and  
31 dispositions when the consumer goods collateral is a  
32 motor vehicle and provides a specific form of notice solely  
33 for those sales.*

34 *Nothing in this act shall be construed to alter or disturb  
35 any applicable requirements contained in the  
36 Rees-Levering Automobile Sales Finance Act (Chapter  
37 2B (commencing with Section 2981) of Title 14 of Part 4  
38 of Division 3 of the Civil Code.*

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