

**SENATE JUDICIARY COMMITTEE**  
**Senator Thomas Umberg, Chair**  
**2025-2026 Regular Session**

AB 774 (Bauer-Kahan)  
Version: June 27, 2025  
Hearing Date: July 8, 2025  
Fiscal: Yes  
Urgency: No  
AWM

**SUBJECT**

Civil actions: enforcement of judgments

**DIGEST**

This bill clarifies provisions within the Enforcement of Judgments Law (EJL).

**EXECUTIVE SUMMARY**

Current law establishes the EJL, which establishes procedures for the enforcement of judgments and collection of debts, including through levies on a debtors bank accounts and garnishments of a debtor's wages. Current law also permits debtors to shield themselves from onerous debt collection activity, through property exemptions, and provides debtors with a mechanism to claim property as exempt and seek the return of improperly collected property.

In 2024, the Legislature enacted AB 2387 (Bauer-Kahan, Ch. 514, Stats. 2024), which made significant modifications to the EJL intended to provide added protections for consumers with personal debts. AB 2387, among other things, imposed restrictions on how a judgement creditor can serve documents on a judgment debtor; imposed a look-back period on amounts paid to the judgment creditor when a judgment debtor files a claim of exemption; and provided that an earnings withholding order commences on the 30th day the order s served on the judgment debtor.

This bill is a clean-up measure for AB 2387. The bill clarifies provisions relating to contacting a debtor; specifies that the filing of an ex parte application to stay a levy or garnishment does not constitute a general appearance; and provides that an earnings withholding order commences on the 30th day from service of the order on the debtor's employer.

This bill is sponsored by the author. The Committee has not received timely opposition to this bill.

**PROPOSED CHANGES TO THE LAW**

Existing law:

- 1) Establishes the EJL, which sets forth the procedures and requirements for the enforcement of judgments for money, possession of real or personal property, or requiring specific performance. (Code Civ. Proc., pt. 2, tit. 9, §§ 680.010 et seq.)
- 2) Defines the following relevant terms:
  - a) "Judgment" means a judgment, order, or decree entered in a court of this state. (Code Civ. Proc., § 680.230.)
  - b) "Judgment creditor" means a person in whose favor a judgment is entered or, if there is an assignee of record, means the assignee of record; unless otherwise specified, the term also includes a guardian or conservator of the estate, personal representative, or other successor in interest of the judgment creditor or assignee of record. (Code Civ. Proc., § 680.240.)
  - c) "Judgment debtor" means the person against whom a judgment is entered. (Code Civ. Proc., § 680.250.)
  - d) "Levying officer" means the sheriff or marshal. (Code Civ. Proc., § 680.260.)
  - e) "Personal debt" means money due or owing or alleged to be due or owing from a natural person arising out of a transaction in which the money, property, insurance, or services which are the subject of the transaction are primarily for the debtor's personal, family, or household purposes. (Code Civ. Proc., § 683.110(d)(3).)
- 3) Provides that, if the levying officer is required by any provision of the EJL to serve any writ, order, notice, or other paper on any person in connection with a personal debt, the judgment creditor shall provide the levying officer with a declaration stating that the judgment creditor has verified the judgment debtor's address, using reasonable diligence within the last 12 months, and that the judgment debtor's address is correct to the best of the declarant's knowledge.
  - a) The declaration must state which of the specified methods of verification the judgment creditor used to verify the address, which can include transmittal of a letter by certified mail or other United States Postal Service method that provides a return receipt, or transmittal of a letter with an address obtained through a commercial address verification service, as specified.
  - b) If the court receives notice from the judgment debtor that the address verification requirements were not satisfied, the court must stay the notice of levy or earnings withholding order until they have been satisfied.
  - c) The judgment creditor must file the declaration with the court within five days of providing the declaration to the levying officer. (Code Civ. Proc., § 684.130.)

- 4) Establishes procedures by which a judgment debtor may make a claim of exemption for property to be exempt from collection in satisfaction of the debt, and for a judgment creditor to file a motion to oppose the claim. (Code Civ. Proc., §§ 703.520, 703.550, 706.105.)
- 5) Provides that a hearing on an opposition to a claim of exemption shall be held not later than 30 days after the notice of motion was filed; if the hearing is delayed, the judgment a party may seek, by ex parte application, an order staying any levy or garnishment at issue in the motion until the hearing occurs. (Code Civ. Proc., § 703.570.)
- 6) Provides that, when a judgment creditor challenges a judgment debtor's claim of exemption on a personal debt, and the court determines that the exemption is valid, the court shall order the return of exempt property paid to the judgment creditor, as follows:
  - a) If the property was exempt without filing a claim of exemption, all exempt property paid to the judgment creditor in the prior 12 months.
  - b) If the property was exempt subject to a claim of exemption, all exempt property paid to the judgment creditor in the prior six months.
  - c) In both cases, the judge may order the return of property paid in a longer timeframe for good cause. (Code Civ. Proc., §§ 703.580, 706.105.)
- 7) Establishes the Wage Garnishment Law (WGL), which sets forth procedures for a judgment debtor's wages to be garnished in satisfaction of a debt; the earnings withholding order becomes effective on the 30th day after service of the order on the judgment debtor, as specified. (Code Civ. Proc., §§ 706.020-706.022.)
- 8) Requires an employer garnishing an employee's wages subject to a wage garnishment order to execute an "employer's form," executed under oath, setting forth specified information relating to the judgment debtor and the order, and supply the form to the levying officer. (Code Civ. Proc., §§ 706.126, 706.128.)

This bill:

- 1) Modifies the judgment creditor's obligation to verify the judgment debtor's address prior to requesting that a levying officer serve a document on the judgment debtor, as follows:
  - a) Clarifying that the methods by which a judgment creditor can verify the judgment debtor's address, prior to requesting service of a document on the judgment debtor, include using an address to which the judgment creditor transmitted a letter or legal pleading to the judgment debtor through specified means.

- b) Requiring the judgment creditor to file the declaration setting forth their verification efforts within 10 business days after delivering the declaration to the levying officer.
  - c) Providing that the declaration may be signed by any individual with adequate knowledge of the verification, including, but not limited to, a custodian of records or, if the judgment creditor is represented by an attorney, an employee of the attorney or of the attorney's law firm with adequate knowledge of the verification.
- 2) Permits, beginning July 1, 2026, a judgment creditor to apply to the court for an order reinstating a judgment lien on real property with the same priority it held immediately before it was released. Subject to 3)-8), below, the court shall grant the application, and upon entry of order, the clerk shall do all of the following:
- a) Note in the court's records that the judgment is no longer satisfied to the extent of the returned funds or property.
  - b) Issue to the judgment creditor a certificate and notice of reinstatement of a judgment lien; the certificate shall identify the judgment and the parties, the unsatisfied judgment amount, and the relevant recording or filing information from the original abstract of judgment.
- 3) The application for reinstatement of a lien under 2) shall be filed with a declaration by the judgment creditor that includes and certifies all of the following:
- a) The title of the court, the case name and number, and the date and amount of the original judgment and any renewals thereof.
  - b) A statement that the judgment creditor released a lien or liens in the reasonable belief that the money judgment was satisfied. This statement shall include (1) information sufficient to identify the liens that were released, and (2) the details of any acknowledgement of full or partial satisfaction of judgment that was filed or entered as a result of the prior application of funds, including the date, county, and recording number of any acknowledgement of full or partial satisfaction of judgment recorded by the judgment creditor.
  - c) A statement that, after a lien was released, the judgment creditor was ordered to return to the judgment debtor property levied or wages garnished in satisfaction of the money judgment, pursuant to specified statutes. A copy of the order shall be attached as an exhibit to the declaration.
  - d) A statement that the judgment creditor returned, and the judgment debtor received, all property and wages ordered returned.
  - e) A statement that, but for the court's order in (c), the money judgment would have been fully satisfied or that the property returned to the judgment creditor was identified in a recorded acknowledgement of full or partial satisfaction of judgment.
  - f) A statement that the judgment creditor is not appealing the order to return funds under (c).

- 4) Provides that knowingly certifying the accuracy of false information in 3) shall be subject to a civil penalty of not more than \$1,500.
- 5) Requires the judgment creditor to serve a copy of the application for an order reinstating a released lien, by first-class mail, to the address verified pursuant to specified law.
  - a) The judgment debtor may, within 15 days of service of the application, file a declaration stating that the funds or property identified in 3) have not been returned.
  - b) If a declaration under (a) is filed, the court shall deny the application and the judgment creditor shall file a noticed motion to be heard by the court in order to reinstate a lien and its priority.
  - c) If the judgment debtor does not file an objection, the clerk's reinstatement of the lien is automatically effective.
- 6) Requires an application under 2) to be filed in the action in which the judgment creditor was ordered to return the property levied or wages garnished under 3)(c).
- 7) Provides that attorney's fees are not recoverable in connection with an application to reinstate a lien under 2).
- 8) Provides that the judgment creditor may record the certificate of reinstatement obtained under 2) in the same manner as an abstract of judgment, and that recordation shall have the effect of restoring the lien's property as if the prior release or satisfaction had not occurred.
- 9) Establishes the same procedure set forth in 2)-8) for the reinstatement of a released lien on personal property and its priority at the time of cancellation, with slight differences to account for lien information filed with the Secretary of State.
- 10) Permits a judgment debtor, when the judgment is for a personal debt, to file a claim of exemption more than 20 days after the date of notice of levy is served upon them; the levying officer may still release the funds to the judgment creditor at the expiration of the 20-day period.
- 11) Clarifies that the filing of an ex parte application for an order staying a levy or wage garnishment subject to a pending motion opposing a claim of exemption does not constitute a general appearance and shall not constitute a waiver of rights to bring a motion to dismiss for lack of personal jurisdiction or on the ground of inconvenient forum.
- 12) Provides that a levy of execution upon the earnings of an employee shall be made by serving the earnings withholding order on the judgment debtor's employer, and not the judgment debtor; and that the withholding period for the earnings withholding

order commences on the 30th day after service upon the judgment debtor's employer, and not the judgment debtor.

- 13) Requires an employer's return form for a wage garnishment order, which must be returned to the judgment debtor and the levying officer, must set forth the date on which the employer provided the employee a copy of the earnings withholding order and the notice of withholding order, the name and title of the person who provided the order and notice, and a short description of the manner in which the order and notice were provided.

### COMMENTS

#### 1. Author's comment

According to the author:

California law lacks clarity relating to debt collection as debtors are often unaware of actions being taken against them due to outdated and inefficient procedures. AB 774 refines and clarifies language of previously enacted legislation (AB 2837, 2024) relating to debt collection practices. Specifically, AB 774 clarifies what constitutes acceptable forms of verification, requires creditors to file a declaration stating they have confirmed debtors' contact information, and clarifies that certain filings do not equate to a general appearance. AB 774 promotes clarity, accountability, and fairness in the enforcement of debt judgments by reforming outdated procedures that cause confusion and disorder. These changes are crucial to providing debtors a fair opportunity to respond to actions being taken against them and to protect their financial stability.

#### 2. Background on enforcing money judgments in California

Under the EJL, a "money judgment" is that part of a judgment which requires the payment of money.<sup>1</sup> A "judgment creditor" is the person in whose favor a judgment is rendered, and a "judgment debtor" is the person against whom a judgment is rendered.<sup>2</sup>

The EJL provides several avenues through which a judgment creditor may collect on the debt, including a levy on the judgment debtor's deposit accounts held with a bank or financial institution.<sup>3</sup> The EJL also exempts a number of categories of property from collection, including amounts in specified retirement accounts; some amounts are automatically exempt, and some are exempt to the extent the court deems an exemption

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<sup>1</sup> Code Civ. Proc., § 680.270.

<sup>2</sup> *Id.*, §§ 680.240, 680.250.

<sup>3</sup> *Id.*, §§ 700.130, 700.140, 700.170.

is necessary to support the judgment debtor.<sup>4</sup> If a judgment debtor believes some of their property is exempt, they must serve a claim of exemption on the judgment creditor; if the judgment creditor disagrees, they must file a notice of opposition with the court.<sup>5</sup> The court must hold a hearing on the motion within 30 days of receiving the notice, unless it continues the hearing for good cause.<sup>6</sup>

The WGL, as part of the EJL, authorizes a judgment creditor to seek garnishment of a judgment debtor's wages to satisfy a money judgment, through which the employer withholds money from the debtor employee's paycheck and sends the money to the creditor.<sup>7</sup> The WGL exempts certain portions of a judgment debtor's paycheck from wage garnishment and sets a maximum amount of a judgment debtor's disposable income that can be garnished.<sup>8</sup> A garnishment order under the WGL is served on the judgment debtor and the judgment debtor's employer; after receiving notice of the order, the judgment debtor may serve a notice of exemption on the judgment creditor, who may seek to have the court rule on the claim of exemption.<sup>9</sup>

3. AB 2387 (Bauer-Kahan, Ch. 514, Stats. 2024) made a number of changes to the EJL and the WGL for individuals with personal debts

AB 2837 (Bauer-Kahan, Ch. 514, Stats. 2024) made some significant changes to the EJL and WGL. Among other things, AB 2837:

- Requires a judgment creditor to verify the judgment debtor's address before having a levying officer serve a document on a judgment debtor with a personal debt, and set forth the verification process in a declaration filed with the court.<sup>10</sup>
- Modified the procedure by which a judgment debtor can obtain the release of funds from a financial institution holding exempt public benefits, social security benefits, or amounts necessary to maintain the judgment creditor's minimum basic standard of adequate care, without making a claim under the EJL.<sup>11</sup>
- Established, for a judgment arising from a personal debt, a process by which a party can seek an order staying any levy or garnishment when the hearing on an opposition to a claim of exemption is delayed more than 30 days past the date the notice of motion was filed.<sup>12</sup>
- Requires a court, upon finding that property was levied on a judgment for a personal debt that was exempt without the need for a claim of exemption, to order a return of any such property levied within the 12 months preceding the

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<sup>4</sup> *Id.*, § 704.010-704.235.

<sup>5</sup> *Id.*, § 703.510-703.610.

<sup>6</sup> *Id.*, § 703.570.

<sup>7</sup> *Id.*, §§ 706.020 et seq.

<sup>8</sup> *Id.*, §§ 706.051, 706.100-706.109.

<sup>9</sup> *Id.*, § 706.105.

<sup>10</sup> *Id.*, § 684.130.

<sup>11</sup> *Id.*, § 703.510.

<sup>12</sup> *Id.*, §§ 703.750, 706.105(e).

date of the order on the claim of exemption; the court may, for good cause, order the return of such property taken more than 12 months preceding the order.<sup>13</sup>

- Requires a court, upon a finding that property was levied on a judgment for a personal debt that was exempt pursuant to a claim of exemption, to order a return of any such property that was levied upon within the six months preceding the date of the order on the claim of exemption; the court may, for good cause, order return of such property taken more than six months preceding the order.<sup>14</sup>
- Clarified the definition of exempted retirement accounts and tethered the minimum amounts that can be exempted to provide for the support of a judgment debtor to similar exemptions under federal bankruptcy law.<sup>15</sup>
- Provided that the period of enforceability on a wage garnishment order commences from the date that the order is served on the judgment debtor, not the judgment debtor's employer.<sup>16</sup>

#### 4. This bill cleans up certain provisions put in place by AB 2837

In response to outreach from stakeholders, this bill makes changes to AB 2837's new requirements and procedures for collecting on a judgment and wage garnishment. These changes are intended to ensure that the EJL and the WGL continue to protect debtors' rights while still providing judgment debtors with means to collect.

*Address verification procedure.* AB 774 modifies the procedure by which a judgment creditor must verify a judgment debtor's address, when the judgment is for a personal debt. First, the bill adds "a legal pleading" to the list of documents which, if they were sent to the judgment debtor in the prior 12 months using specified delivery methods and not returned, are sufficient to establish the judgment creditor's address. Second, the bill permits the judgment creditor to file the declaration setting forth their verification efforts within 10, not 5, days of delivering the declaration to the levying officer. Third, the bill authorizes the verification declaration to be signed by any person with adequate knowledge of the verification, including a custodian of records and a person working for the judgment creditor's attorney.

*Reinstatement of liens.* As noted above, AB 2837 requires a judgment creditor to return a judgment debtor's payments made prior to the filing of a claim of exemption, when it is determined that the property was either exempt without the filing of a claim or that the claim of exemption renders that property exempt. In the former case, payments made in the prior 12 months must be returned to the debtor; in the latter, six months' worth of payments must be returned; and in both cases, the court can, for good cause, order an

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<sup>13</sup> *Id.*, §§ 703.580(d)(2), 706.105(g)(1).

<sup>14</sup> *Id.*, §§ 703.580(d)(3), 706.105(g)(2).

<sup>15</sup> *Id.*, § 704.115.

<sup>16</sup> *Id.*, § 706.022.



even longer lookback period. This lookback is available only for a judgment on a personal debt.

Stakeholders have raised concerns that the lookback framework could harm judgment creditors by causing them to lose lien priority. When a creditor has to return payments to the debtor, a debt that had been satisfied could become unsatisfied. In such a case, a creditor who placed a lien on the debtor's real or personal property, and then released the lien when the debtor finished paying, would then need to reinstate the lien; but if there were other liens on the same property, the creditor would have lost their lien priority, making them worse off than they were before the initial release.

In order to ensure that judgment creditors do not lose their lien priority when they return property to judgment debtors subject to the lookback period, this bill establishes a streamlined procedure for a judgment creditor to reinstate their lien, with the same priority as the original, when a debt became unsatisfied as a result of payments being returned through the lookback period. Specifically, the bill permits a judgment creditor to file an application for a certificate and notice of reinstatement of judgment lien with the same court that approved the claim of exemption; the application must contain specified information and be served on the judgment debtor. If the judgment debtor does not object, the certificate shall issue and the creditor regains their lien and priority. If the judgment debtor files a declaration stating that the funds covered by the lookback period were never returned, the judgment creditor must file a motion to be heard by the court to reinstate the lien.

*Ex parte application clarification.* AB 2837 permits a party to file an ex parte application to stay an order of levy or wage garnishment order if the hearing on a claim of exemption is set more than 30 days from the date the motion was filed. This bill provides that an ex parte application for an order staying a levy or wage garnishment order, filed when the court cannot hear a motion to oppose a claim of exemption, does not count as a general appearance or prejudice the applicant's right to later challenge the court's personal jurisdiction or seek a different forum.

*Wage garnishment orders.* This bill unwinds some of AB 2387's provisions relating to wage garnishment orders, by providing that a wage garnishment order must be served on the judgment debtor's employer and becomes effective 30 days from the date of the service, removing the requirement that the judgment debtor also be served before the order can take effect. To ensure that a judgment debtor is properly informed of the wage garnishment order, the bill also requires the employer's return form, which the employer must file in connection with a wage garnishment order, to include the date on which the employer provided the employee with a copy of the earnings withholding order, the notice of the earnings withholding order, and a short description of the manner in which the order and notice were provided.

**SUPPORT**

None received

**OPPOSITION**

None received

**RELATED LEGISLATION**

Pending legislation: None known.

Prior legislation:

AB 3283 (Committee on Judiciary, Ch. 229, Stats. 2024) provided that a claim of exemption and notice of opposition to a claim of exemption do not constitute an appearance in a civil action, and provided that the court's power over the exemption claimant is limited to determining the claim of exemption.

AB 2387 (Bauer-Kahan, Ch. 514, Stats. 2024) made a number of changes to the EJL. AB 2837 is discussed in Comment 3 of this analysis.

AB 1414 (Kalra, Ch. 688, Stats. 2023) prohibited the use of common counts in actions for collection of consumer debt, and excludes consumer debt from the definition of "book account."

AB 1119 (Wicks, Ch. 562, Stats. 2023) exempted judgment debtors from being subject to arrest and punishment for contempt for failing to appear at a debtor's examination in a case concerning consumer debt and provided a separate process for meeting the same goals of the in-person examination.

SB 1477 (Wieckowski, Ch. 849, Stats. 2022) modified the formula for determining what portion of judgment debtor's wages can be garnished in order to satisfy a judgment for persons, beginning September 1, 2023, so that the lesser of (1) twenty percent of the person's disposable earnings, or (2) 40 percent by which the person's weekly disposable earnings exceed 48 times the prevailing minimum hourly wage.

**PRIOR VOTES:**

Assembly Floor (Ayes 77, Noes 0)  
Assembly Judiciary Committee (Ayes 12, Noes 0)

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