

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

AB 2280 (Johnson)
Version: June 16, 2026
Hearing Date: June 30, 2026
Fiscal: No
Urgency: No
AM

SUBJECT

Vehicle liens

DIGEST

This bill specifies that a repossession agency licensed under the Collateral Recovery Act is not prohibited from filing a lien on a motor vehicle if a lien is not in place. The bill provides that, if a lien is currently in place and the lienholder does not affirmatively waive the right to the lien in writing or does not respond to a request for waiver within 30 days of notice being mailed to the lienholder, a repossession agency may file the lien on their own behalf.

EXECUTIVE SUMMARY

A repossession agency contracts with a legal owner, such as a credit grantor of personal property, to locate and recover property sold under a security agreement, such as a car loan. The most common property recovered is a motor vehicle. Under existing law, a repossession agency may not release a vehicle it has repossessed unless expressly authorized to do so by the legal owner. According to the sponsor of the bill, often after determining that a repossessed vehicle is not worth sending to auction, the legal owner abandons the vehicle on the repossession agency's lot. This leaves repossession agencies burdened with the indefinite storage of unclaimed vehicles if they cannot obtain a lien on the vehicle and sell them. This bill seeks to specify that repossession agencies are allowed to file a lien on a motor vehicle.

The bill is sponsored by the California Association of Licensed Repossessors. There was opposition to a prior version of this bill, however the author has taken amendments that have moved the opposition to neutral. The Committee has received no other timely opposition.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes the Collateral Recovery Act (Act) to provide for the regulation of repossession agencies and repossessioners by the for Bureau of Security and Investigative Services (Bureau) within the Department of Consumer Affairs. (Bus. & Prof. Code §§ 7500 et seq.)
- 2) Establishes procedures for filing vehicle liens, including the circumstances under which a lien may be filed, who may file a lien, what notice is required, and that a lienholder is required to apply to the Department of Motor Vehicles (DMV) for authorization to conduct a lien sale. (Civ. Code §§ 3067 et seq.)
- 3) Provides that every person has a lien dependent upon possession for the compensation to which the person is legally entitled for making repairs or performing labor upon, and furnishing supplies or materials for, and for the storage, repair, or safekeeping of, and for the rental of parking space for, any vehicle of a type subject to registration under the Vehicle Code, subject to specified limitations. (Civ. Code § 3068.)
- 4) Provides that every person has a lien dependent upon possession for the compensation to which the person is legally entitled for towing, storage, or labor associated with recovery or load salvage of any vehicle subject to registration that has been authorized to be removed by a public agency, a private property owner pursuant to Section 22658 of the Vehicle Code, or a lessee, operator, or registered owner of the vehicle. The lien is deemed to arise on the date of possession of the vehicle. (Civ. Code § 3068.1.)
- 5) Requires a lienholder to apply to the DMV for the issuance of an authorization to conduct a lien sale for any vehicle with a value determined to be over \$4,000, and requires notice to be made that allows for a declaration of opposition to the sale, as provided. The application is to be executed under penalty of perjury. (Civ. Code § 3071.)

This bill:

- 1) Specifies that a repossession agency licensed under the Act is not prohibited from filing a lien on a motor vehicle if a lien is not in place.
- 2) Provides that, if a lien is currently in place and the lienholder does not affirmatively waive the right to the lien in writing or does not respond to a request for waiver within 30 days of notice being mailed to the lienholder, a repossession agency may file the lien on its own behalf.

COMMENTS

1. Stated need for the bill

The author writes:

AB 2280 is a simple clarification bill that ensures licensed repossession agencies can lien sale vehicles that are no longer wanted by the original lienholder or financial institution that requested repossession. This codifies an existing practice that had been in place for decades, until a change in DMV policy starting in 2024. Without this change, licensed repossessioners are stuck with unwanted repossessed vehicles on their lots indefinitely. Through stakeholder feedback and amendments, AB 2280 strikes the necessary balance between simple clarification of law and protection of private property rights for financial institutions and consumers.”

2. This bill seeks to clarify that the repossession agency can file a lien under the Civil Code

The Civil Code establishes a detailed process for filing liens on vehicles, including getting permission from the DMV to conduct a lien sale of the vehicle. The sponsor states that prior to 2024, repossession agencies were able to get approval from the DMV to place a lien on these abandoned vehicles and eventually sell them. However, the sponsor states that the DMV has told repossession agencies that they are not permitted to file such liens and has not explained why the policy has changed, even though the underlying vehicle lien statutes have not. This bill seeks to clarify that the repossession agency can file a lien under the Civil Code. The bill provides that if there is a lien currently in place and the lienholder does not either affirmatively waive the right to the lien in writing, or respond to a request for waiver within 30 days of notice being mailed to the lienholder, a repossession agency may file the lien on their own behalf.

3. Proposed Amendment

The author has agreed to take a clarifying amendment to ensure that all other provisions related to placing a lien on a motor vehicle, including getting permission from the DMV to conduct a lien sale, must still be complied with. The specific amendment is:

Amendment

SECTION 1. Section 3075 as added to the Civil Code, immediately following Section 3074, is amended to read:

3075. (a) This chapter does not prohibit a repossession agency licensed pursuant to Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code from filing a lien, if a lien is not in place.

(b) If a lien is currently in place, and the lienholder affirmatively waives the right to the lien in writing, or does not respond to a request for waiver within 30 days of notice being mailed to the lienholder, a repossession agency may file the lien on behalf of the repossession ~~agency~~ *agency, consistent with this chapter.*

4. Statements in support

The sponsor of the bill, the California Association of Licensed Repossessors, writes:

For years, the DMV allowed repossession companies to lien sale vehicles that were abandoned by the registered owners of the vehicle and legal owners of the vehicle (banks or finance companies) and were being stored on the repossession company private property lots. In 2024, the DMV abruptly disallowed repossession companies from filing these liens on the vehicles without explanation or a change in statute. As a result, repossession companies now have abandoned vehicles sitting in storage on their lots that they have no means of disposing of.

This clarification of statute will ensure that the proper procedures of lien sales are followed, giving legal and registered owners' opportunity to dispute any proposed sale, if desired, while also giving a reposessor a means of disposing of undisputed abandoned vehicles.

As licensed repossessors, we hold our profession to the highest integrity and support the consumer protections mandated by law. It is because of this that we seek this statutory clarification regarding lien sales of vehicles.

SUPPORT

California Association of Licensed Repossessors

OPPOSITION

None received

PRIOR VOTES

Assembly Floor (Ayes 67, Noes 0)
Assembly Transportation Committee (Ayes 15, Noes 0)
