

## Assembly Bill 2503 Signed Into Law

Recently enacted Assembly Bill 2503 (AB 2503) (Chapter 390, Statutes of 2014) makes several changes to the Collateral Recovery Act that will go into effect **January 1, 2015**.

Most notably, AB 2503:

- Specifies that a licensed repossession agency shall only contract repossession business with another entity as an independent contractor.
- Specifies that only the licensed repossession agency's qualified manager or its owner or officer shall manage the day-to-day operations or transact business.
- Makes it a misdemeanor, punishable by a fine of five thousand dollars (\$5,000), for a "buy-here-pay-here" dealer to knowingly engage a nonexempt unlicensed individual to repossess collateral on its behalf.
- Clarifies that while a reposessor may NOT determine the value of any collateral, whether damaged or not, the reposessor may complete a condition report that makes a general assessment of the collateral.
- Clarifies that it is not a violation to wear a Bureau approved badge, cap insignia, or jacket patch as identification indicating registration as a reposessor. A Bureau-issued registration card shall still be carried by the reposessor while carrying out repossession duties.

In addition, AB 2503 makes various changes to the Vehicle Code that impact repossession activities including:

- Changes the requirement of a reposessor from having "to attempt to notify" law enforcement to having "to contact" law enforcement within one hour after taking possession of a vehicle and specifies that the reposessor must provide the law enforcement agency with: (1) the approximate location of the repossession; (2) the date and time of the repossession; (3) the year, make, model and last six digits of the vehicle identification number of the vehicle; (4) the name of the vehicle's registered owner; (5) the name of the vehicle's legal owner that is requesting the repossession; and (6) the licensed repossession agency's name and telephone number.
- Specifies that if the law enforcement agency is unable to receive and record the reposessor's notice upon the initial attempted contact, the reposessor must continue trying to contact law enforcement until the notification information is provided.
- Exempts a reposessor from registering a vehicle he or she is repossessing for the purpose of moving the vehicle to the reposessor's storage facility or the facility of the legal owner.
- Prohibits a person, other than a peace officer acting in an official capacity, from interfering with the transport of a vehicle to a storage facility, auction, or dealer and makes a violation of that provision an infraction.
- Prohibits a tow yard, impounding agency, governmental agency, or any person acting on behalf of these entities from refusing to release a vehicle or other collateral to anyone legally entitled to that vehicle or collateral except if the vehicle is being held as evidence by law enforcement or a prosecuting attorney.

Questions regarding changes AB 2503 makes to the Collateral Recovery Act may be directed to the Bureau at (916) 322-4000 or (800) 952-5210 or by e-mail at [reposessor@dca.ca.gov](mailto:reposessor@dca.ca.gov).