

The Safe Repossessions Act

An act to add Section 7507.15 to the Business and Professions Code, to amend Section 2981 of the Civil Code, to add Section 416.5 to the Vehicle Code, to amend Section 402 of the Penal Code, and to add Section 17921.5 to the Health and Safety Code, relating to motor vehicle repossession, and providing penalties therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB [Insert Number], as introduced, [Assembly Member Name]. Motor Vehicle Repossession: Licensing, Training, and Public Safety Protections.

Existing law regulates repossession agencies under the Collateral Recovery Act (Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code), requiring licensing, insurance (Section 7506.5), and compliance with the Bureau of Security and Investigative Services (BSIS). The Automobile Sales Finance Act (Division 3 (commencing with Section 2981) of the Civil Code) governs motor vehicle financing and repossession, while the Vehicle Code (Section 28, Section 415 et seq.) addresses vehicle ownership and enforcement. The Penal Code (Section 402) defines public safety risks, and the Health and Safety Code (Section 17920 et seq.) protects public welfare. However, no law universally prohibits untrained or uninsured individuals from repossessing vehicles, creating risks of violence and harm.

This bill prohibits any person—lenders, dealers, or private parties—from repossessing a motor vehicle unless insured per Section 7506.5 of the Business and Professions Code and trained in repossession compliance (e.g., CARS, ARA CRS, or Eagle XX programs). Violations incur a \$5,000 fine (first offense), \$20,000 fine and up to six months incarceration (subsequent offenses), invalidate the borrower's debt, and expose violators to civil claims. The bill amends multiple codes to ensure consistency and enforceability, with no exceptions, to protect public safety by limiting repossessions to trained, insured professionals.

Vote: Majority. Appropriation: No. Fiscal Committee: Yes. Local Program: No.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Legislative Intent and Findings.

(a) The Legislature finds that untrained or uninsured repossessions of motor vehicles

endanger public safety, as evidenced by incidents of violence (Penal Code, Section 240 et seq., assault; Section 415, disturbing the peace), property damage (Civil Code, Section 1714), and threats to community welfare (Health and Safety Code, Section 17920.3).

(b) The Collateral Recovery Act (Business and Professions Code, Section 7500 et seq.) establishes standards for repossession agencies under BSIS (Section 7512.3), including insurance (Section 7506.5) and licensee conduct (Section 7507.9), yet exemptions allow untrained actors to operate under the Vehicle Code (Section 28, repossession notice) and Civil Code (Section 2983.2).

(c) This act closes these gaps, aligning repossession with BSIS standards, the Unfair Competition Law (Business and Professions Code, Section 17200 et seq.), and consumer protections (Civil Code, Section 1770 et seq.), to prevent harm as a public nuisance (Penal Code, Section 370).

(d) The intent is to safeguard borrowers, bystanders, and repossessioners, consistent with the California Constitution (Article I, Section 1, right to safety) and BSIS's mission (Business and Professions Code, Section 7501.1).

SECTION 2.

Section 7507.15 is added to the Business and Professions Code, to read:

7507.15. Unauthorized Repossession of Motor Vehicles Prohibited.

(a) Definitions:

(1) "Motor vehicle" mirrors Section 415 of the Vehicle Code, encompassing all conditions (wrecked, running, impounded, surrendered).

(2) "Repossession" includes actions under Civil Code Section 2983.2 or Vehicle Code Section 28.

(b) **No person, including those defined under Business and Professions Code Section 7500.1 (repossession agency) or Civil Code Section 2981 (creditor, dealer), shall repossess a motor vehicle unless:**

(1) Insured per Section 7506.5 (\$1,000,000 per occurrence, \$3,000,000 aggregate liability, plus wrongful repossession coverage).

(2) Trained in a BSIS-approved program equivalent to Certified Asset Recovery Specialist (CARS), ARA Certified Repossession Specialist (CRS), or Eagle Group XX, per Section 7512.7 (training authority).

(c) Applies universally, with no exemptions under Civil Code Section 2983.3 (self-help repossession) or Vehicle Code Section 5600 (transfer of title).

(d) Penalties:

(1) First offense: Minimum fine of \$5,000 (Penal Code, Section 19, misdemeanor penalty baseline).

(2) Subsequent offenses: Fine up to \$20,000 and imprisonment up to six months

(Business and Professions Code, Section 7512.11, enforcement).

(e) Effects of violation:

(1) Debt extinguished per Civil Code Section 2983.8 (remedies for unlawful repossession).

(2) Civil liability under Civil Code Section 1714 (negligence) and Section 3342 (injury liability).

(f) BSIS shall enforce per Section 7512.3, coordinating with the Department of Motor Vehicles (Vehicle Code, Section 165) and local law enforcement (Penal Code, Section 830.7).

(g) No preemption of existing licensee duties (Section 7507.3, notice; Section 7507.10, personal effects).

SECTION 3.

Section 2981 of the Civil Code is amended to read:

2981. Definitions (as amended).

[Existing text unchanged, with addition:]

(k) Repossession under this division is subject to Business and Professions Code Section 7507.15. Non-compliance voids enforcement rights under Section 2983.2 and subjects violators to remedies under Section 1788.17 (Rosenthal Fair Debt Collection Practices Act).

SECTION 4.

Section 416.5 is added to the Vehicle Code, to read:

416.5. Repossession Restrictions.

(a) No repossession of a motor vehicle (Section 415) is lawful unless compliant with Business and Professions Code Section 7507.15.

(b) Violations are misdemeanors (Section 40000.1), with penalties per Section 7507.15 of the Business and Professions Code.

(c) Applies to all repossessions, including liens (Section 550), impounds (Section 22650), or surrenders (Section 5909), and integrates with DMV oversight (Section 11700 et seq., dealer licensing).

SECTION 5.

Section 402 of the Penal Code is amended to read:

402. Abatement of Public Nuisance (as amended).

(a) [Existing text unchanged.]

(b) For purposes of this section, an unauthorized repossession under Business and Professions Code Section 7507.15 constitutes a public safety hazard, subject to abatement by peace officers (Section 830.1) and penalties under this code.

SECTION 6.

Section 17921.5 is added to the Health and Safety Code, to read:

17921.5. Public Welfare and Repossession.

(a) Unauthorized motor vehicle repossession, as defined in Business and Professions Code Section 7507.15, threatens community welfare (Section 17920.3, substandard conditions).

(b) Local health officers (Section 17961) may coordinate with BSIS and law enforcement to report violations impacting public safety.

SECTION 7. Severability.

If any provision is invalid, the remainder remains effective (Civil Code, Section 3536).

SECTION 8. Effective Date.

Effective January 1, 2026, per Government Code Section 9600.

Expanded Statutory References:

1. Business and Professions Code:

- Section 7500.1 (definitions), 7501.1 (BSIS mission), 7506.5 (insurance), 7507.3 (notice), 7507.9 (conduct), 7512.3 (enforcement), 7512.7 (training), 17200 (unfair competition).

2. Civil Code:

- Section 1714 (negligence), 1770 (consumer remedies), 1788.17 (debt collection), 2983.2 (repossession notice), 2983.3 (self-help), 2983.8 (remedies), 3342 (injury liability).

3. Vehicle Code:

- Section 28 (notice), 165 (DMV authority), 415 (vehicle definition), 550 (liens), 22650 (impounds), 40000.1 (misdemeanors), 5909 (surrender), 11700 (dealers).

4. Penal Code:

- Section 19 (misdemeanor penalties), 240 (assault), 370 (nuisance), 415 (disturbance), 830.1 (peace officers).

5. Health and Safety Code:

- Section 17920.3 (substandard conditions), 17961 (local enforcement).

6. Government Code:

- Section 9600 (effective date standard).