

1 **AN ACT** to protect lenders from lien sale fraud, relating to LIENS FOR REPAIRING,
2 TOWING, OR STORING VEHICLES

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4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF [STATE]:**

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6 A. **Definitions.** For the purposes of this Act, the term:

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8 1) “Financial institution” means a company that is significantly engaged in providing
9 financial products or services, such as loans or other extensions of credit, to individual
10 consumers or customers.
11 2) “Independent third-party vendor” means an entity not affiliated by common ownership or
12 corporate structure with the Service Provider.
13 3) “Vehicle” means any mobile item, whether motorized or not, which is mounted on wheels.
14 4) “Service provider” means a vehicle repair shop, storage, or towing company.
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16 B. **Notification of Lien Sales**

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18 1) **Notice.** Vehicle owners, lienholders, insurance company representatives, or their agents,
19 must receive notice of a lien sale from a licensed and bonded independent third-party
20 vendor.
21 2) **Description.** Lien sale notices must contain an accurate and complete description of the
22 vehicle, including the plate number if applicable, the VIN number, the color, make, year,
23 and current condition of the vehicle.
24 3) **Work performed.** Lien sale notices must contain a complete description of work
25 performed related to the vehicle, and an itemized statement of costs.
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27 C. **Access to vehicle.** Service providers shall permit vehicle owners, lienholders, insurance
28 company representatives, or their agents, to inspect the vehicle. The service provider must
29 make the vehicle available for inspection during regular business hours within 3 business days
30 after receiving a written request to inspect the vehicle and shall release to the owner, lienholder,
31 or agent the vehicle, or all personal property not affixed to the vehicle which was in the vehicle
32 at the time the vehicle came into the custody of the person providing such services.
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34 D. **Bond to release.**

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36 1) **Service provider lien release.** A financial institution claiming a lien against a vehicle may
37 obtain the release of the vehicle from any lien claimed by a service provider by filing with
38 the clerk of the court a cash or surety bond, payable to the service provider and conditioned
39 for the payment of any judgment which may be entered on the lien. Upon the posting of

40 such bond, the clerk of the court shall automatically issue a certificate notifying the service
41 provider of the posting of the bond and directing the service provider to release the vehicle.

42 2) **60 days to recover wrongful release.** The service provider shall have 60 days to file suit
43 to recover the bond. If no suit is filed within 60 days, the bond shall be returned to the
44 financial institution.

45 3) **Failure to release.** The failure of a service provider to release or return to the customer or
46 person the vehicle upon which any lien is claimed, shall be a criminal misdemeanor.

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48 E. **Reasonable service provider fees.** Vehicle owners, lienholders, insurance company
49 representatives, or their agents will have limited responsibility for certain fees levied by service
50 providers.

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52 1) Vehicle owners, lienholders, insurance company representatives, or their agents will have
53 their liability for vehicle towing limited to a reasonable amount.

54 2) Vehicle owners, lienholders, insurance company representatives, or their agents will have
55 their liability for repairs limited to a reasonable amount.

56 3) Vehicle owners, lienholders, insurance company representatives, or their agents will have
57 their liability for storage fees limited to a reasonable amount.

58 4) Vehicle owners, lienholders, insurance company representatives, or their agents will have
59 their liability for “administrative” fees limited to a reasonable amount.