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BUSINESS AND PROFESSIONS CODE - BPC

DIVISION 3. PROFESSIONS AND VOCATIONS GENERALLY [5000 - 9998.11] (*Heading of Division 3 added by Stats. 1939, Ch. 30.)*

CHAPTER 11. Repossessors [7500 - 7511.5] (*Chapter 11 added by Stats. 1981, Ch. 1138, Sec. 11.)*

ARTICLE 8. Conduct of Business [7507 - 7507.13] (*Article 8 added by Stats. 1981, Ch. 1138, Sec. 11.)*

7507. A licensee shall notify the bureau within 30 days of any change of its corporate officers or of the addition of any partners. Applications, on forms prescribed by the director, shall be submitted by all new officers and partners. The director may suspend or revoke a license issued under this chapter if the director determines that a new officer or partner has committed any act that constitutes grounds for the denial of a license pursuant to Section 7503.5.

(*Amended by Stats. 2000, Ch. 568, Sec. 92. Effective January 1, 2001.*)

7507.1. A licensee or a qualified certificate holder shall, within 30 days after such change, notify the bureau of any change of his or her address. The principal place of business may be at a residence or at a business address, but it shall be the place at which the licensee maintains a permanent office.

(*Amended by Stats. 1984, Ch. 1299, Sec. 5.*)

7507.2. (a) A licensee is responsible for those actions that are performed in violation of this chapter by his or her registrants, including his or her manager, when acting within the course and scope of his or her employment or contract.

(b) Each licensee shall maintain a file or record of the name, address, commencing date of employment or retention, and position of each registrant, and the date of termination of the employment or contract when a registrant is terminated. The file and records, together with usual compensation records, shall be available for inspection by the bureau, and copies thereof, and information pertaining thereto or contained therein, shall be submitted to the bureau upon request.

(*Amended by Stats. 1999, Ch. 456, Sec. 11. Effective January 1, 2000.*)

7507.3. A repossession agency shall be required to keep and maintain adequate records of all transactions, including, but not limited to, assignment or repossession order forms; vehicle report of repossession required by Section 28 of the Vehicle Code; vehicle condition reports, including odometer readings, if available; personal effects inventory; notice of seizure; and records of all transactions pertaining to the sale of collateral that has been repossessed, including, but not limited to, bids solicited and received, cash received, deposits made to the trust account, remittances to the seller, and allocation of any moneys not so remitted to appropriate ledger accounts. Records, including bank statements of the trust account, shall be retained for a period of not less than four years and shall be available for examination by the bureau upon demand. In addition, collateral and personal effects storage areas shall be made accessible for inspection by the bureau upon demand. An assignment or repossession order form may be an original, a photocopy, a facsimile copy, or a copy stored in an electronic format.

(*Amended by Stats. 2016, Ch. 509, Sec. 3. (AB 1859) Effective January 1, 2017.*)

7507.4. A licensed repossession agency or its registrants shall not make demand for payment in lieu of repossession and shall not sell collateral recovered under this chapter.

(*Amended by Stats. 2013, Ch. 340, Sec. 3. (AB 791) Effective January 1, 2014.*)

7507.5. No charge shall be made for services incurred in connection with the recovery, transportation, and storage of collateral except under terms agreed to by the legal owner at the time of the repossession authorization or specifically agreed upon at a subsequent time. Repair work, cleaning, or detailing shall not be performed and shall not be charged to the legal owner.

(*Amended by Stats. 2015, Ch. 740, Sec. 4. (AB 281) Effective January 1, 2016.*)

7507.6. (a) Within seven days after a violent act has occurred involving a licensee, or any officer, partner, qualified certificate holder, registrant, or employee of a licensee, while acting within the course and scope of his or her employment or contract, that results in a police report or bodily harm or bodily injury, the licensee or the licensee's qualified certificate holder or registrant, shall mail or deliver to the chief a notice concerning the incident upon a form provided by the bureau.

(b) Within seven days after the occurrence of a violent act or a threatened violent act involving a licensee, or any officer, partner, qualified certificate holder, registrant, or employee of a licensee, while acting within the course and scope of his or her employment or contract, that results in a police report or bodily harm or bodily injury, the licensee or the licensee's qualified certificate holder or registrant shall send by certified mail, return receipt requested, a notice containing information about the incident to the person or individual who made the assignment. If the assignor is not the legal owner, the assignor shall notify the legal owner of the contents of the notice.

(c) A licensee, qualified certificate holder, or registrant may send the notice set forth in subdivision (b) for a violent act or threatened violent act even if a police report is not made or no bodily harm or bodily injury occurs. Any notice of a threatened violent act provided pursuant to subdivision (b) may only be used to notify a subsequent assignee and not for any collateral purpose. Nothing in this subdivision or subdivision (b) shall be construed to provide immunity against any claim for defamation.

(Amended by Stats. 2016, Ch. 800, Sec. 3. (SB 1196) Effective January 1, 2017.)

7507.7. Within seven days after receiving a final civil court judgment filed against the licensee or any officer, partner, qualified certificate holder, or registrant of a licensee, for an amount of more than the then prevailing maximum claim that may be brought in a small claims court pertaining to an act done within the course and scope of his or her employment or contract, the licensee, or his or her qualified certificate holder, or his or her registrant, shall mail or deliver to the chief a copy of the judgment.

(Amended by Stats. 1995, Ch. 505, Sec. 24. Effective January 1, 1996.)

7507.8. Every advertisement by a licensee, soliciting or advertising business, shall contain the licensee's name, address, and license number as they appear in the records of the bureau.

(Added by Stats. 1981, Ch. 1138, Sec. 11.)

7507.9. Personal effects shall be removed from the collateral, including any personal effect that is mounted but detachable from the collateral by a release mechanism. A complete and accurate inventory of the personal effects shall be made, and the personal effects shall be labeled and stored by the licensee for a minimum of 60 days in a secure manner, except those personal effects removed by or in the presence of the debtor or the party in possession of the collateral at the time of the repossession. If the licensee or the licensee's agent cannot determine whether the property attached to the collateral is a personal effect or a part of the collateral, then that fact shall be noted on the inventory and the licensee or agent shall not be obligated to remove the item from the collateral, unless the item can be removed without the use of tools, in which case it shall be removed and inventoried. The licensee or the licensee's agent shall notify the debtor that if the debtor takes the position that an item is a personal effect, then the debtor shall contact the legal owner to resolve the issue.

(a) The date and time the inventory is made shall be indicated. The permanent records of the licensee shall indicate the name of the employee or registrant who performed the inventory.

(b) The following items of personal effects are items determined to present a danger or health hazard when recovered by the licensee and shall be disposed of in the following manner:

(1) (A) Deadly weapons and dangerous drugs shall be turned over to any law enforcement agency for retention. These items shall be entered on the inventory and a notation shall be made as to the date, time, and place the deadly weapon or dangerous drug was turned over to the law enforcement agency, and a receipt from the law enforcement agency shall be maintained in the records of the repossession agency.

(B) Any other instrument or weapon, including, but not limited to, any instrument or weapon of the kind commonly known as a blackjack, slungshot, billy, sandclub, sandbag, metal knuckles, dirk, dagger, any knife having a blade longer than five inches, any razor with an unguarded blade, and any metal pipe or bar used or intended to be used as a club shall be inventoried and noted as "disposed of, dangerous device" and the item shall be disposed of in a reasonable and safe manner.

(2) Combustibles shall be inventoried and noted as "disposed of, dangerous combustible," and the item shall be disposed of in a reasonable and safe manner.

(3) Food and other health hazard items shall be inventoried and noted as "disposed of, health hazard," and disposed of in a reasonable and safe manner.

(c) Personal effects may be disposed of after being held for at least 60 days. The inventory, and adequate information as to how, when, and to whom the personal effects were disposed of, shall be filed in the permanent records of the licensee and retained for four years.

(d) The inventory shall include the name, address, business hours, and telephone number of the repossession agency to contact for recovering the personal effects and an itemization of all personal effects removal and storage charges that will be made by the repossession agency. The inventory shall also include the following statement: "Please be advised that the property listed on this inventory will be disposed of by the repossession agency after being held for 60 days from the date of this notice IF UNCLAIMED."

(e) The inventory shall be provided to a debtor not later than 48 hours after the recovery of the collateral, except that if:

(1) The 48-hour period encompasses a Saturday, Sunday, or postal holiday, the inventory shall be provided no later than 72 hours after the recovery of the collateral.

(2) The 48-hour period encompasses a Saturday or Sunday and a postal holiday, the inventory shall be provided no later than 96 hours after the recovery of the collateral.

(3) Inventory resulting from repossession of a yacht, motor home, or travel trailer is such that it shall take at least 4 hours to inventory, then the inventory shall be provided no later than 96 hours after the recovery of the collateral. When the 96-hour period encompasses a Saturday, Sunday, or postal holiday, the inventory shall be provided no later than 120 hours after the recovery of the collateral.

(4) The licensee is unable to open a locked compartment that is part of the collateral, the available inventory shall be provided no later than 96 hours after the recovery of the collateral. When the 96-hour period encompasses a Saturday, Sunday, or postal holiday, the inventory shall be provided no later than 120 hours after the recovery of the collateral.

(f) Environmental, Olympic, special interest, or other license plates issued pursuant to Article 8 (commencing with Section 5000), Article 8.4 (commencing with Section 5060), or Article 8.5 (commencing with Section 5100) of Chapter 1 of Division 3 of the Vehicle Code that remain the personal effects of the debtor shall be removed from the collateral and inventoried pursuant to this section. If the plates are not claimed by the debtor within 60 days, they shall either (1) be effectively destroyed and the licensee shall, within 30 days thereafter, notify the Department of Motor Vehicles of their effective destruction on a form promulgated by the chief that has been approved as to form by the Director of the Department of Motor Vehicles; or (2) be retained by the licensee indefinitely to be returned to the debtor upon request, in which case the licensee shall not charge more than 60 days' storage on the plates.

(g) The notice may be given by regular mail addressed to the current address of the debtor, if known, or by personal service, at the option of the repossession agency.

(h) With the consent of the licensee, the debtor waives the preparation and presentation of an inventory if the debtor redeems the personal effects or other personal property not covered by a security interest within the time period for the notices required by this section and signs a statement that the debtor has received all the property.

(i) If personal effects or other personal property not covered by a security agreement are to be released to someone other than the debtor, the repossession agency must receive written authorization to do so from the debtor.

(j) A licensee shall not sell personal effects or other personal property not covered by a security agreement and remit money from the sale to a third party, including, but not limited to, any lending institution.

(k) The inventory shall be a confidential document. A licensee shall only disclose the contents of the inventory under the following circumstances:

(1) In response to the order of a court having jurisdiction to issue the order.

(2) In compliance with a lawful subpoena issued by a court of competent jurisdiction.

(3) When the debtor has consented in writing to the release and the written consent is signed and dated by the debtor subsequent to the repossession and states the entity or entities to whom the contents of the inventory may be disclosed.

(4) To the debtor.

(Amended by Stats. 2024, Ch. 484, Sec. 4. (SB 1454) Effective January 1, 2025.)

7507.10. (a) A licensee shall serve a debtor with a notice of seizure as soon as possible after the recovery of collateral and not later than 48 hours, except that if the 48-hour period encompasses a Saturday, Sunday, or postal holiday, the notice of seizure shall be provided not later than 72 hours or, if the 48-hour period encompasses a Saturday or Sunday and a postal holiday, the notice of seizure shall be provided not later than 96 hours, after the repossession of collateral. The notice shall include all of the following:

(1) The name, address, and telephone number of the legal owner to be contacted regarding the repossession.

(2) The name, address, and telephone number of the repossession agency to be contacted regarding the repossession.

(3) A statement printed on the notice containing the following: "Repossessors are regulated by the Bureau of Security and Investigative Services, Department of Consumer Affairs, Sacramento, CA. Repossessors are required to provide you, not later than 48 hours after the recovery of collateral, with an inventory of personal effects or other personal property recovered during repossession unless the 48-hour period encompasses a Saturday, Sunday, or a postal holiday, then the inventory shall be provided no later than 96 hours after the recovery of collateral."

(4) A disclosure that "Damage to a vehicle during or subsequent to a repossession and only while the vehicle is in possession of the repossession agency and which is caused by the repossession agency is the liability of the repossession agency. A mechanical, electrical, or tire failure, or the loss of, or any damage to, or as a result of, or caused by, any aftermarket parts and accessories not in compliance with Section 24008 of the Vehicle Code shall not be the responsibility of the repossession agency unless the failure, damage, or loss is due to the negligence of the repossession agency."

(5) If applicable, a disclosure that "Environmental, Olympic, special interest, or other license plates issued pursuant to Article 8 (commencing with Section 5000), Article 8.4 (commencing with Section 5060) or Article 8.5 (commencing with Section 5100) of Chapter 1 of Division 3 of the Vehicle Code that remain the personal effects of the debtor will be removed from the collateral and inventoried, and that if the plates are not claimed by the debtor within 60 days, they will be destroyed."

(6) A disclosure of the charges payable by the debtor to the repossession agency for the storage of the collateral and personal effects from the date of repossession until release of the property from storage.

(b) The notice under subdivision (a) may be given by regular mail addressed to the current address of the debtor, if known, or by personal service, at the option of the repossession agency.

(Amended by Stats. 2024, Ch. 484, Sec. 5. (SB 1454) Effective January 1, 2025.)

7507.11. Any written report to a client shall be submitted by the licensee, the qualified certificate holder, or a person authorized by one or either of them, and the person submitting the report shall exercise diligence in ascertaining whether or not the facts and information in the report are true and correct.

(Added by Stats. 1981, Ch. 1138, Sec. 11.)

7507.115. (a) A licensee shall not appraise or determine the value of any collateral, whether damaged or not.

(b) (1) Notwithstanding subdivision (a), a licensee may complete a condition report that makes a general assessment of the collateral.

(2) A condition report does not include all damage or missing parts.

(3) A condition report shall include the following statement: "In accordance with Section 7507.115 of the Business and Professions Code, this condition report is a general assessment of the collateral and does not include all damage or missing parts."

(Amended by Stats. 2015, Ch. 740, Sec. 6. (AB 281) Effective January 1, 2016.)

7507.12. (a) With regard to collateral subject to registration under the Vehicle Code, a repossession is complete if any of the following occurs:

(1) The reposessor gains entry to the collateral.

(2) The collateral becomes connected to a tow truck or the reposessor's tow vehicle, as those terms are defined in Section 615 of the Vehicle Code.

(3) The reposessor moves the entire collateral present.

(4) The reposessor gains control of the collateral.

(b) No person other than the legal owner may direct a reposessor to release a vehicle without legal authority to do so.

(Amended by Stats. 2013, Ch. 340, Sec. 4. (AB 791) Effective January 1, 2014.)

7507.125. Nothing in this chapter prohibits the using or taking of personal effects that are connected, adjoined, or affixed to the collateral through an unbroken sequence, if that use or taking is reasonably necessary to effectuate the recovery in a safe manner or to protect the collateral or personal effects. Nothing in this chapter prohibits the removal of a locking mechanism or security device on the collateral, before, during, or after a repossession. No storage fee shall be charged for the first week on any personal effects

used to effectuate a recovery pursuant to this section. Any personal effects used or taken pursuant to this section shall be processed in a reasonably expedient manner pursuant to Sections 7507.9 and 7507.10.

(Added by renumbering Section 7505.2 by Stats. 2014, Ch. 390, Sec. 3. (AB 2503) Effective September 17, 2014.)

7507.13. (a) A licensed repossession agency is not liable for the act or omission of a legal owner, debt collector, debtor, lienholder, lessor, lessee, or registered owner, or an agent of any of them, in making an assignment or repossession order to it or for accepting an assignment or repossession order from any legal owner, debt collector, debtor, lienholder, lessor, lessee, or registered owner, or an agent of any of them, and is entitled to indemnity from the legal owner, debt collector, debtor, lienholder, lessor, lessee, or registered owner for any loss, damage, cost, or expense, including court costs and attorney's fees, that it may reasonably incur as a result thereof. Nothing in this subdivision limits the liability of any person for his or her tortious conduct.

(b) The legal owner, debt collector, debtor, lienholder, lessor, lessee, or registered owner, or the agent of any of them, is not liable for any act or omission by a licensed repossession agency, or its agent, in carrying out an assignment or repossession order and is entitled to indemnity from the repossession agency for any loss, damage, cost, or expense, including court costs and attorney's fees, that the legal owner, debt collector, debtor, lienholder, lessor, lessee, or registered owner, or the agent of any of them, may reasonably incur as a result thereof. Nothing in this subdivision limits the liability of any person for his or her tortious conduct.

(c) The legal owner, debtor, lienholder, lessor, lessee, or registered owner, or the agent of any of them, is not guilty of a violation of Section 7502.1 or 7502.2 if, at the time of the assignment or repossession order, the party making the assignment or repossession order has in its possession a copy of the reposessor's current, unexpired repossession agency license, and a copy of the current, unexpired repossession agency's qualified manager's certificate, and does not have actual knowledge of any order of suspension or revocation of the license or certificate.

(d) Neither a licensed repossession agency nor a legal owner, debtor, lienholder, lessor, lessee, or registered owner, or an agent of any of them may, by any means, direct or indirect, express or implied, instruct or attempt to coerce the other to violate any law, regulation, or rule regarding the recovery of any collateral, including, but not limited to, the provisions of this chapter or Section 9609 of the Commercial Code.

(e) A licensed repossession agency, at least annually, on or before January 31 of each year, shall provide a legal owner from which the agency accepts an assignment or repossession order with a copy of this section, Sections 7500.2, 7507.4, 7507.115, 7507.12, and 7507.125 of this code, and Section 28 of the Vehicle Code.

(Amended by Stats. 2016, Ch. 509, Sec. 4. (AB 1859) Effective January 1, 2017.)