

# CREDIT UNIONS

## ISSUE PAPER

### [HB 86 - Vehicle lien-amendments](#)

#### Issue:

Vehicles towed for reasons besides abandonment, i.e., vehicle accidents, law enforcement actions, DUI's, etc. are subject to provisions of Title 29 Liens. Wyoming Statute 29-7-102 (e)(1) ... "Within thirty (30) days from the date payment is due, the lien claimant shall send by certified mail, return receipt requested, to their last known address a notice of the intent to file, enforce and foreclose a lien to all persons known to claim an interest in the vehicle."

As a result of the current lack of clarity in notification to lienholders, in some cases, vehicles are towed and stored in lots for some time, accruing significant recovery costs. Credit unions, as the lienholders, may not be aware of the location of the vehicle until a lien sale notice is received. If credit unions were aware earlier of the location, they would recover the vehicle and compensate the tow yard for their service. ***In some cases, credit unions have not received lien sale notices for anywhere from 71 to over 100 days from the date of towing. In one case notice was received over a year after the date of tow. Subsequently, charges are significant to recover vehicles. Credit unions report costs incurred ranging from \$500 to more than \$25,000.*** Some credit unions have located vehicles through recovery agent service versus waiting for notification which is an added expense.

#### HB 86 – Vehicle Lien - amendments

HB 86 amends provisions in the Title 29 Lien statute to require that the towing and recovery entity, five (5) days after towing, request a title search from WYDOT. This period allows for response from insurance companies.

WYDOT shall provide Towing & Recovery with search report within five (5) days (registered in state) 7 (registered out-of-state) business days upon receipt of request. This language is consistent with the provisions in Title 31 applicable to abandoned vehicles. Within one (1) business day of receiving the report from WYDOT, Towing & Recovery shall notify lienholder of location of vehicle.

This language is reasonable but still timely for the lien holders to get proper notice without unduly burdening the towing and recovery companies or WYDOT.

## Background:

Three different statutory provisions apply to vehicles towed.

### **Title 31<sup>1</sup> provisions apply to abandoned vehicles – public property.**

Abandoned Vehicles towed at order of police officer.

1. Police department immediately notifies sheriff of county where vehicle impounded with specified reporting.
2. The sheriff of the county shall submit the report provided to WYDOT with fair market value of vehicle.
3. Department provides written notification to vehicle owner of record and to lienholder of record.
4. Notice not required if vehicle value is less than \$2,000.

Vehicles towed, not otherwise under the control of city, town, or county, Towing and Recovery Service<sup>2</sup>, shall – private property tows.

1. Notify the sheriff in the county where the vehicle is located within 30 minutes of completing the tow.
2. The sheriff shall request a title search report from WYDOT within three business days after vehicle tow.
3. WYDOT shall provide Towing & Recovery with search report within 5 days (registered in state) 7 (registered out-of-state) business days upon receipt of request.
4. Towing & Recovery shall send notice, certified return receipt requested, within 3 days of receiving report to owner of record and lienholder.

### **Within 13 days of tow, lienholder should be notified under these provisions.**

**Title 29 Liens<sup>3</sup> applies to vehicles altered, repaired, maintained, towed and/or stored by a repair shop, mechanic, towing and recovery business, or storage and disposal facility, where the owner/operator is known, and the vehicle towed under agreement from the owner/operator or law enforcement.**

1. Requires ***within 30 days from the date payment is due***, the lien claimant shall send notice to the owner of record/lienholder certified return receipt requested of the intent to file, enforce and foreclose a lien through the lien sale process.
2. Collectible storage fees shall not exceed 180 days from the date of service unless notice of intent to file lien is sent within 30 days and action to enforce and foreclose through a lien sale has commenced.

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<sup>1</sup> 31-13-104(c)

<sup>2</sup> 31-13-104(g)

<sup>3</sup> 29-7-101 *et. seq.*