

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 208  
**Version:** As introduced

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**Authors:** Dill

**Subject:** Foreclosure of mechanic's liens on motor vehicles

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### Overview

**This bill makes a technical change in the procedure for foreclosure of a mechanic's lien for work done on a motor vehicle. It changes the way a notice of the pending lien foreclosure process is mailed to creditors listed as lienholders on the certificate of title of the motor vehicle.**

**Background: A mechanic's lien on a motor vehicle is a lien for payment for work on the vehicle for which the owner has not paid. It is a possessory lien, meaning that it exists only while the repair shop keeps possession of the vehicle. Foreclosure of a mechanic's lien on a motor vehicle is done by selling the vehicle at a public auction, usually conducted by a sheriff's deputy at the place where the work was done. Notice of the sale must be published in a local newspaper, and served on or mailed (type of mail not specified) to the owner if the owner can be found. A mechanic's lien ranks ahead of any other lien in priority, so a foreclosure of a mechanic's lien wipes out all other liens, including a security interest in favor of a lender that made a loan to the owner with which to buy the vehicle.**

**Here is the basic difference between certified and registered mail: Certified mail provides proof of mailing and also proof of receipt by requiring the recipient to sign a card which is returned to the sender. The sender also receives proof of attempted delivery if the recipient refuses to accept it or does not pick it up at the post office after receiving a notice of an unsuccessful attempt to deliver certified mail. Registered mail is similar to certified mail, but is more expensive and intended for valuable items, such as jewelry or signed stock certificates, and is handled with greater security and can provide insurance against loss of up to \$25,000.**

### Section

- 1 Sale.** Provides that a person foreclosing a mechanic's lien on a motor vehicle must mail notice of the pending foreclosure to all lienholders listed on the vehicle's certificate of title by certified mail, rather than by registered mail as required under current law. (The

preceding section of law (514.19) requires a notice giving the same information to be mailed by *certified mail* to lienholders to permit accrual of storage charges for more than 15 days, and permits that notice to substitute for the notice required by the section of law being amended here if it is mailed at least 45 days before the foreclosure sale.)

Effective immediately, but permits notice by either certified or registered mail until August 1, 2009.