

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 1230*

Short Title: Expedite Towed Vehicle Disposal.

(Public)

Sponsors: Senators Gulley; and Hoyle.

Referred to: Judiciary II/Election Laws.

May 21, 1996

A BILL TO BE ENTITLED

AN ACT TO EXPEDITE DISPOSAL OF UNCLAIMED VEHICLES BY TOWING AND STORAGE BUSINESSES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 20-77(d) reads as rewritten:

"(d) An operator of a place of business for garaging, repairing, parking or storing vehicles for the public in which a vehicle remains unclaimed for ~~30 days~~, 10 days, or the landowners upon whose property a motor vehicle has been abandoned for more than ~~60 days~~, 30 days, shall, within five days after the expiration of that period, report the vehicle as unclaimed to the Division. Failure to make such report shall constitute a Class 3 misdemeanor.

Any vehicle which remains unclaimed after report is made to the Division may be sold by such operator or landowner in accordance with the provisions relating to the enforcement of liens and the application of proceeds of sale of Article 1 of Chapter 44A."

Sec. 2. G.S. 44A-4(a) reads as rewritten:

"(a) Enforcement by Sale. – If the charges for which the lien is claimed under this Article remain unpaid or unsatisfied for ~~30 days~~ days or, in the case of towing and storage charges on a motor vehicle, 10 days following the maturity of the obligation to pay any such charges, the lienor may enforce the lien by public or private sale as provided in this section. The lienor may bring an action on the debt in any court of competent jurisdiction

1 at any time following maturity of the obligation. Failure of the lienor to bring such action
2 within a 180-day period following the commencement of storage shall constitute a waiver
3 of any right to collect storage charges which accrue after such period. Provided that
4 when property is placed in storage pursuant to an express contract of storage, the lien
5 shall continue and the lienor may bring an action to collect storage charges and enforce
6 his lien at any time within 120 days following default on the obligation to pay storage
7 charges.

8 The owner or person with whom the lienor dealt may at any time following the
9 maturity of the obligation bring an action in any court of competent jurisdiction as by law
10 provided. If in any such action the owner or other party requests immediate possession of
11 the property and pays the amount of the lien asserted into the clerk of the court in which
12 such action is pending, the clerk shall issue an order to the lienor to relinquish possession
13 of the property to the owner or other party. The request for immediate possession may be
14 made in the complaint, which shall also set forth the amount of the asserted lien and the
15 portion thereof which is not in dispute, if any. If within three days after service of the
16 summons and complaint, as the number of days is computed in G.S. 1A-1, Rule 6, the
17 lienor does not file a contrary statement of the amount of the lien at the time of the filing
18 of the complaint, the amount set forth in the complaint shall be deemed to be the amount
19 of the asserted lien. The clerk may at any time disburse to the lienor that portion of the
20 cash bond, which the plaintiff says in his complaint is not in dispute, upon application of
21 the lienor. The magistrate or judge shall direct appropriate disbursement of the disputed
22 or undisbursed portion of the bond in the judgment of the court. In the event an action by
23 the owner pursuant to this section is heard in district or superior court, the substantially
24 prevailing party in such court may be awarded a reasonable attorney's fee in the
25 discretion of the judge."

26 Sec. 3. G.S. 44A-4(b)(1) reads as rewritten:

27 "(1) If the property upon which the lien is claimed is a motor vehicle that is
28 required to be registered, the lienor following the expiration of the 30-
29 day period provided by subsection (a) shall give notice to the Division
30 of Motor Vehicles that a lien is asserted and sale is proposed and shall
31 remit to the Division a fee of ten dollars (\$10.00). The Division of
32 Motor Vehicles shall issue notice by registered or certified mail, return
33 receipt requested, within 15 days of receipt of notice from the lienor, to
34 the person having legal title to the property, if reasonably ascertainable,
35 to the person with whom the lienor dealt if different, and to each
36 secured party and other person claiming an interest in the property who
37 is actually known to the Division or who can be reasonably ascertained.
38 The notice shall state that a lien has been asserted against specific
39 property and shall identify the lienor, the date that the lien arose, the
40 general nature of the services performed and materials used or sold for
41 which the lien is asserted, the amount of the lien, and that the lienor
42 intends to sell the property in satisfaction of the lien. The notice shall
43 inform the recipient that the recipient has the right to a judicial hearing

1 at which time a determination will be made as to the validity of the lien
2 prior to a sale taking place. The notice shall further state that the
3 recipient has a period of 10 days from the date of receipt in which to
4 notify the Division by registered or certified mail, return receipt
5 requested, that a hearing is desired and that if the recipient wishes to
6 contest the sale of his property pursuant to such lien, the recipient
7 should notify the Division that a hearing is desired and the Division
8 shall notify lienor. The notice shall state the required information in
9 simplified terms and shall contain a form whereby the recipient may
10 notify the Division that a hearing is desired by the return of such form to
11 the Division. Failure of the recipient to notify the Division within 10
12 days of the receipt of such notice that a hearing is desired shall be
13 deemed a waiver of the right to a hearing prior to the sale of the
14 property against which the lien is asserted, the Division shall notify the
15 lienor, and the lienor may proceed to enforce the lien by public or
16 private sale as provided in this section and the Division shall transfer
17 title to the property pursuant to such sale. If the Division is notified
18 within the 10-day period provided above that a hearing is desired prior
19 to sale, the lien may be enforced by sale as provided in this section and
20 the Division will transfer title only pursuant to the order of a court of
21 competent jurisdiction.

22 If the Division notifies the lienor that the registered or certified mail
23 notice has been returned as undeliverable, the lienor may institute a
24 special proceeding in the county where the vehicle is being held, for
25 authorization to sell that vehicle.

26 If the market value of the vehicle, as determined by the schedule of
27 values adopted by the Commissioner under G.S. 105-187.3, is less than
28 eight hundred dollars (\$800.00) and one of the following applies, the
29 lienor may institute a special proceeding in the county where the vehicle
30 is being held for authorization to sell the vehicle:

- 31 a. The registered or certified mail notice has been delivered and no
32 hearing was requested.
33 b. The person having legal title to the vehicle, the person with
34 whom the lienor dealt if different, and each secured party or
35 other person claiming an interest in the vehicle cannot be
36 ascertained by the Division.

37 In such a proceeding a lienor may include more than one vehicle, but
38 the proceeds of the sale of each shall be subject only to valid claims
39 against that vehicle, and any excess proceeds of the sale shall escheat to
40 the State and be paid immediately to the treasurer for disposition
41 pursuant to Chapter 116B of the General Statutes. A vehicle owner or
42 possessor claiming an interest in such proceeds shall have a right of
43 action under G.S. 116B-38.

1 The application to the clerk in such a special proceeding shall contain
2 the notice of sale information set out in subsection (f) hereof. If the
3 application is in proper form the clerk shall enter an order authorizing
4 the sale on a date not less than 14 days therefrom, and the lienor shall
5 cause the application and order to be sent immediately by first-class
6 mail pursuant to G.S. 1A-1, Rule 5, to each person to whom the
7 Division has mailed notice pursuant to this subsection. Following the
8 authorized sale the lienor shall file with the clerk a report in the form of
9 an affidavit, stating that two or more bona fide bids on the vehicle were
10 received, the names, addresses and bids of the bidders, and a statement
11 of the disposition of the sale proceeds. The clerk then shall enter an
12 order directing the Division to transfer title accordingly.

13 If prior to the sale the owner or legal possessor contests the sale or lien
14 in a writing filed with the clerk, the proceeding shall be handled in
15 accordance with G.S. 1-399."

16 Sec. 4. G.S. 44A-4(e) reads as rewritten:

17 "(e) Public Sale. –

18 (1) Not less than 20 days prior to sale by public sale the lienor:

19 a. Shall notify the Commissioner of Motor Vehicles as provided in
20 G.S. 20-114(c) if the property upon which the lien is claimed is a
21 motor vehicle; and

22 a1. Shall cause notice to be mailed to the person having legal title to
23 the property if reasonably ascertainable, to the person with whom
24 the lienor dealt if different, and to each secured party or other
25 person claiming an interest in the property who is actually known
26 to the lienor or can be reasonably ascertained, provided that
27 notices provided pursuant to subsection (b) hereof shall be
28 sufficient for these purposes if such notices contain the
29 information required by subsection (f) hereof; and

30 b. Shall advertise the sale by posting a copy of the notice of sale at
31 the courthouse door in the county where the sale is to be held;
32 and shall publish notice of sale once a week for two consecutive weeks
33 in a newspaper of general circulation in the same county, the date of the
34 last publication being not less than five days prior to the ~~sale~~-sale if the
35 vehicle is less than five years old.

36 (2) A public sale must be held on a day other than Sunday and between the
37 hours of 10:00 A.M. and 4:00 P.M.:

38 a. In any county where any part of the contract giving rise to the
39 lien was performed, or

40 b. In the county where the obligation secured by the lien was
41 contracted for.

42 (3) A lienor may purchase at public sale."

43 Sec. 5. This act becomes effective October 1, 1996.