Repossessed Vehicle Penalty Waivers

Effective: Immediately

New Information
When a repossessed vehicle is sold through a dealer conducting a wholesale motor vehicle auction, the renewal penalties due may be waived if all fees due are paid within 60 days of the last auction date.

In the case of multiple wholesale motor vehicle auctions, a subsequent auction restarts the 60 days, as long as the repossessed vehicle stays within a legal owner/dealer/wholesale motor vehicle auction cycle (even if one of the dealers is out of state). The penalty waiver may be applied through the final wholesale auction date if paid within 60 days of the last auction.

If the vehicle is sold to a retail customer during the legal owner/dealer/wholesale motor vehicle auction cycle and the vehicle goes back to a wholesale motor vehicle auction (e.g., due to an unwind), the renewal fees must be paid within 60 days of the last auction date before that retail sale to avoid penalties.

Procedures
The dealer requesting a renewal penalty waiver must submit a Statement of Facts (REG 256) form which states the following:
- The dealer is requesting a renewal fee penalty waiver.
- The vehicle is a repossessed vehicle.
- The repossessed vehicle is sold through a dealer conducting a wholesale motor vehicle auction.
- The date of the last wholesale motor vehicle auction and that all renewal fees due have been paid within 60 days of the last wholesale motor vehicle auction date.

Background
California Vehicle Code §9561 authorizes the waiver of renewal penalties for repossessed vehicles. The penalty waiver may be applied through the last wholesale motor vehicle auction date.

Distribution
Notification that this memo is available online, at www.dmv.ca.gov under Publications was made via California DMV’s Automated Email Alert System in May 2016.

References
California Vehicle Code §9561
Vehicle Industry Registration Procedures Manual §§3.075 and 11.140

Contact
Call the DMV Customer Communications Section, at (916) 657-6560 for further clarification of this memo. Upon request, this document can be produced in Braille or large print.

RICO RUBIONO, DEPUTY DIRECTOR
Communication Programs Division