

By: Elkins

H.B. No. 4369

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the private disposition of used motor vehicles at
3 certain auto auctions conducted by independent motor vehicle
4 dealers.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter B, Chapter 503, Transportation Code,
7 is amended by adding Section 503.040 to read as follows:

8 Sec. 503.040. PRIVATE DISPOSITION OF COLLATERAL BY AUTO
9 AUCTION. The sale by a secured party acting under Chapter 9,
10 Business & Commerce Code, of collateral consisting of a used motor
11 vehicle at an auction conducted by an independent motor vehicle
12 dealer constitutes a private disposition under that chapter for all
13 purposes if:

14 (1) neither the debtor nor the secured party is
15 permitted to bid on the vehicle; and

16 (2) there is no advertisement or public notice
17 preceding the sale that specifically describes the collateral other
18 than inclusion of the vehicle in a list of used motor vehicles being
19 offered for sale at the auction that is made available to potential
20 bidders prior to the sale.

21 SECTION 2. The change in law made by Section 503.040,
22 Transportation Code, as added by this Act, applies only to a sale of
23 collateral that occurs on or after the effective date of this Act.
24 A sale that occurs before the effective date of this Act is governed

1 by the law applicable to the sale immediately before the effective
2 date of this Act, and that law is continued in effect for that
3 purpose.

4 SECTION 3. This Act takes effect September 1, 2009.