

By: Huffman

S.B. No. 1827

A BILL TO BE ENTITLED

AN ACT

relating to the private disposition of used motor vehicles at certain auto auctions conducted by independent motor vehicle dealers.

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

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

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

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

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

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