

Section 2 – Commercial Liens Act



Administrative Guidelines

This document supplements Section 2, Module 4 of the Commercial Liens Act training. It translates the legal framework into step-by-step administrative workflows for towing companies and repair facilities.

TRACK A – Step-by-Step for Towers (and Repairers) Who Have Possession

1. Confirm you have an enforceable lien: You must have possession of the vehicle or written authorization/acknowledgement of the debt.
2. Open a lien file immediately: Create one consolidated file containing authorization, VIN/plate, invoices, photos, contact details, and notes.
3. Identify all parties entitled to notice: Registered owner, debtor, and any secured creditors identified through a PPSA/PPR search.
4. Determine sale pathway and timelines: Default must occur, and typically 30 days must pass before sale eligibility. Sale notice must be issued at least 20 days before disposition.
5. Prepare the Notice of Disposition: Include vehicle description, amount owing, estimated expenses, redemption rights, deficiency warning, and sale details.
6. Serve the notice correctly: Use registered mail or personal service. Registered mail is deemed received 10 days after mailing unless proven otherwise.
7. Allow opportunity for redemption: Accept full payment of lien and reasonable enforcement expenses before sale.
8. Conduct a commercially reasonable sale: Auction, tender, or private sale with documented advertising and fair market exposure.
9. Apply proceeds correctly: Pay enforcement costs, lien amount, then handle any surplus according to statutory rules.

10. Close and retain file: Retain notices, proof of service, sale records, and accounting documentation.

TRACK B – Step-by-Step for Repairers Who Have Released the Vehicle

11. Confirm enforceability without possession: You must have written authorization or a signed acknowledgement of the obligation to pay.
12. Act immediately if payment fails: A non-possessory lien must be registered promptly after release.
13. Observe the 15-day registration window: To preserve priority, registration should occur within 15 days of giving up control of the vehicle.
14. Register the lien in the Personal Property Registry (PPR): File a financing statement identifying the lien, debtor, secured party, and VIN.
15. Ensure accurate debtor and vehicle information: Errors in legal name or VIN can invalidate the registration.
16. Understand enforcement limitations: Without possession, seizure typically requires a licensed bailiff before sale can occur.
17. Use this workflow as a preventive measure: If you plan to release a vehicle before payment, secure a written acknowledgement in advance.

Operational Note

Possessory liens allow direct progression to sale after notice requirements are met. Registered non-possessory liens generally require bailiff seizure before disposition. Administrative staff should be trained to identify which pathway applies immediately.

Sample TRACK A — Towers / Repairers WITH POSSESSION

(You have the vehicle on your lot and intend to enforce the lien by sale)

Day / Trigger	Admin Action	Purpose / Notes
Day 0 (Vehicle received)	Open lien file immediately	Create intake package: tow/repair authorization, photos, VIN, invoice ledger
Day 0–2	Conduct PPSA / PPR search	Identify secured lenders who must receive notice
Day 1–3	Send Notice of Lien (and/or intent to sell)	Establish lien, protect priority, notify owner/debtor/lenders
Day 0 onward	Maintain possession & storage logs	Possession is critical — no temporary release
Default occurs (Non-payment)	Calendar sale eligibility	Default usually occurs when invoice becomes due
≈ Day 30 after default	Sale becomes legally available	CLA allows disposition after default period

Day / Trigger	Admin Action	Purpose / Notes
Before sale	Prepare Notice of Disposition (Intent to Sell)	Must now include <i>actual</i> sale details (if not included in original notice)
At least 20 days before sale	Serve Notice of Disposition	Mandatory notice window before any sale
Notice period	Accept redemption payments	Owner/lender may redeem by paying lien + costs
Sale date	Conduct commercially reasonable sale	Auction / tender / private sale
Immediately after sale	Apply proceeds in statutory order	Costs → lien → surplus
Post-sale	Return surplus / document deficiency	Surplus to debtor; deficiency only if compliant
File retention	Retain full file (2+ years)	CRT / court / lender disputes

TRACK B — Repairers WITHOUT POSSESSION

(Vehicle was released before payment — customer never returns)

⚠ This track is time-sensitive

Day / Trigger	Admin Action	Purpose / Notes
Before release	Obtain written authorization or acknowledgement of debt	Absolutely critical — no writing = weak lien
Day 0 (Vehicle released)	Payment not received	Start PPSA-registration clock
Day 1–15	Register lien in Personal Property Registry (PPR)	Preserves priority after loss of possession
Within 15 days	Registration completed	Late registration may lose priority
After registration	Send demand / notice to debtor	Optional but recommended
If enforcement required	Instruct bailiff to seize vehicle	Non-possessory liens usually require bailiff
After seizure	You regain possession	Now move to Track A steps
Post-seizure	Serve Notice of Disposition	Same 20-day rule applies
Sale	Dispose of vehicle	Follow full CLA sale process

 **ADMIN “RED FLAG” BOX (Include in Training)**

- **✗ Temporary release = lien gone**
- **✗ No written authorization = no repair lien**
- **✗ Missed 15-day registration window = priority risk**
- **✗ Sale without Notice of Disposition = invalid sale**
- **✗ Unreasonable storage = CRT reduction risk**