

SECTION 2 — COMMERCIAL LIENS ACT



Module 4 — Notice Requirements Under the Commercial Liens Act

How to Notify Owners, Debtors, and Secured Lenders — Correctly and Legally

Opening Narration

Narrator:

Under the Commercial Liens Act, you must send proper notice before enforcing your lien, asserting priority, or selling a vehicle.

Notice is **mandatory**, and failure to give proper notice may:

- Void your priority over secured lenders
- Invalidate your right to sell a vehicle
- Expose you to damages
- Lead to orders to release the vehicle
- Create significant legal and financial liability

This module explains **exactly** who must be notified, when, and how, using plain-language procedures that towers and repairers can follow with confidence.

Lesson 1 — Why Notice Matters

Under the CLA, notice:

- **Defines your claim**
- **Establishes your legal position**
- **Protects your priority** over banks and finance companies
- **Allows the owner and lender** to pay the debt or dispute the charges
- **Is required before any sale** of the vehicle
- **Creates a defensible paper trail**

Your lien may still exist even without notice — but you cannot enforce it in any meaningful way until notice is sent.

Lesson 2 — Who Must Be Notified?

There are three possible groups who must receive notice. Depending on the vehicle, you may need to notify:

1. The Registered Owner

If different from the debtor.

2. Secured Parties (Lenders) Registered Under the PPSA

This is where many towors and repairers miss critical steps.

If the vehicle is financed, leased, or used as collateral, a PPSA search will reveal secured lenders who must be notified.

Lesson 3 — When Notice Must Be Sent

Notice must be sent:

✓ After the lien arises

(i.e., after services are performed and possession is established)

✓ Within a “reasonable time” under the CLA

Although the Act does not specify exact days, courts tend to look for notice within:

- **7 days** for towing and storage
- **10–14 days** for repairs, depending on circumstances

Notice must also be sent:

✓ Before taking any enforcement action

Including sale.

✓ Before asserting lien priority over a secured lender.

The earlier you send notice, the better protected you are legally.

Lesson 4 — What Must the Notice Contain?

A proper CLA notice must include:

1. Description of the goods

- Vehicle year, make, model
- VIN
- License plate number

2. Name and address of debtor and/or registered owner

3. Description of the services performed

Tow, storage, repair, diagnostics, etc.

4. The amount of the lien

Itemized if possible.

5. The daily storage rate

Required for towers and repairers.

6. Where the vehicle is being held

Full address of your facility.

7. A statement that a lien is claimed under the Commercial Liens Act.

8. The consequences of non-payment

Including potential sale of the vehicle.

9. Sale Intent and the date and method of disposal (e.g. public auction, private sale, etc.)

Note we will discuss later whether a second notice of disposal needs to be sent.

Lesson 5 — How Notice Must Be Delivered

The CLA allows several methods of service:

✓ By mail (registered)

Considered valid when sent to the last known address. You can verify the registered owner by conducting a registered owner's search through the ARA.

✓ By personal delivery

Best Practice Recommendation:

Send notice by registered mail and keep a copy for proof.

Lesson 6 — Conducting a PPSA Search (Critical)

Narrator:

Before sending notice, you must determine whether the vehicle has a secured lender. This requires a **Personal Property Registry (PPR)** or **PPSA search**.

✓ Search by VIN

The ARA can conduct a PPSA search. There are also additional resources later in this course for conducting out-of-province RO and lien searches.

✓ **Search by serial number (for trailers, equipment)**

If no VIN is present.

✓ **Identify all secured parties**

There may be more than one.

✓ **Send notice to all secured lenders**

They must receive the same notice as the owner.

✓ **Document the date of the search**

Courts rely heavily on this.

✓ **Keep a copy of the search in your file**

It protects your priority claim.

Lesson 7 — Priority and Why Notice Is Essential

You cannot rely on lien priority unless:

- The lien is valid
- Notice is properly given
- Secured lenders are notified
- Time requirements are met

If notice is not sent:

- A bank or leasing company may outrank your lien
- You may have to release the vehicle without payment
- You may lose the right to sell the vehicle
- You may be liable for damages

Notice preserves priority — but only if done correctly.

Lesson 8 — Notice Before Sale

If the owner or lender does not pay and you intend to sell the vehicle:

You must send Notice before any sale.

Notice must include:

- Year, Make and Model Vehicle
- Date of possession and or reason for why it came into your possession
- Sale intent
- Sale date or sale window
- Method of sale (auction, private sale, sealed bids)
- Statement of charges and continued storage fees
- Consequences of sale or failure to claim vehicle

If the owner cannot be located, notice is still considered valid **if sent to their last known address**. You can obtain an RO search through the ARA.

Under the Commercial Liens Act, a second notice is not automatically required by law in every case.

A lienholder must provide notice of intention to enforce the lien, and notice of sale, but the Act allows that these can be part of the same document if:

- All legally required sale details are already known at the time of the first notice
- The timing still satisfies the statutory waiting periods
- The notice meets the detailed content requirements

However, a second notice may become necessary if the required information isn't yet known at the time of the first notice.

Lesson 9 — Examples of Proper Notice

Example 1 — Tow and Storage Notice

Vehicle is towed from an accident scene.

You send notice to:

- Registered owner
- Secured lender identified on PPSA search
- Anyone else with a secured interest in the property

✓ Proper.

Example 2 — Repair Notice

Customer authorizes repairs with a signed work order.
Later you discover the vehicle is leased.
You must send notice to:

- Customer
- Leasing company (secured party)

✓ Essential for priority.

Example 3 — No Secured Party Found

VIN search shows no lenders.
Notice only goes to:

- Registered owner

✓ Also proper.

You can download a sample copy of notice at the end of this module.

Lesson 10 — Common Mistakes to Avoid

✗ Not performing a PPSA search

Fatal error in most sales.

✗ Sending notice only to the registered owner

If the vehicle is financed, this is insufficient.

✗ Sending notice too late

Courts may rule the lien unenforceable.

✗ Not including daily storage rate

May limit recoverable charges.

✗ Unclear descriptions of services or charges

Always itemize.

✗ Not keeping copies of notices

Always maintain digital and physical records.

Lesson 11 — Best Practices for Towers & Repairers

✓ Send notice immediately

Within 24–48 hours whenever possible.

✓ Keep templates ready

Preloaded forms reduce errors.

✓ Automate PPSA searches (if possible)

Many companies use standardized VIN lookups.

✓ Document everything

Every notice, call, and PPSA search.

✓ Train staff

Especially dispatchers and service writers.

Lesson 12 — Summary

Narrator:

To recap:

- The CLA requires notice to the debtor, owner, and any secured lenders.
- Notice protects your lien, your priority, and your right to sell.
- PPSA searches are essential for identifying lenders.
- Notice must contain specific information and must be sent before enforcement.
- Second notice is required before selling the vehicle.
- Strong documentation is the key to compliance and dispute prevention.

In the next module, we will examine **Lien Priority** — how your lien interacts with banks, leasing companies, and other secured lenders.