

Share this:    



Sign-Up for Legal Alerts

Forward to a Friend

This is an advertisement

What to Do with Personal Property Found in a Repossessed Vehicle

So you have repo'd your borrower's motor vehicle and discovered that she left a laptop, some dirty socks and a picture of Uncle Joe asleep on the sofa in the back seat. "No problem," you say. You just toss out the dirty socks and the picture of Uncle Joe and sell the laptop to help make up the deficit in the loan balance after you sell the vehicle, right?

Not so fast.

The Tennessee Legislature has weighed in with the passage of a new statute – Public Chapter No. 784, effective April 24, 2014, to be codified as T.C.A. § 47-50-113. Pursuant to this new law, you may not sell or otherwise dispose of personal property found in or on a repossessed vehicle for a period of 14 days; and the owner has the right to reclaim the personal property within the 14-day period without paying any fees or charges. (The statute does not define "owner", such that it is not yet clear whether this right belongs to the "owner" of the personal property or the "owner" of the repossessed vehicle, to the extent these are different parties.)

The statute also is silent as to whether you are required to provide notice of the repossession or advise owners that they have 14 days within which to reclaim the personal property without cost. While owner notice is not specifically required by the new law, an argument could be made that a notice requirement is implied. Until there is case law interpreting this statute or it is otherwise clarified by the Attorney General or the Tennessee Legislature, you may choose to send written notice – to a last known address – that the owner of the repossessed vehicle has 14 days to reclaim any personal property left in or on the vehicle. Or you may decide to read the new law as requiring a "waiting period" rather than a "notice period" and choose simply to dispose of the personal property 15 days after the repossession.

Either way, we recommend creating and retaining a written inventory (with photographs) of any personal property left in or on the vehicle at the time you repossessed it, so the owner cannot later try to say there were bars of gold in the trunk, etc.

As always, should you have any questions regarding this new law or any other legal or compliance issue relating to your credit union, please feel free to contact [David Kesler](#) or any other member of our [Financial Services Practice Group](#).

The opinions expressed in this bulletin are intended for general guidance only. They are not intended as recommendations for specific situations. As always, readers should consult a qualified attorney for specific legal guidance. Should you need assistance from a Miller & Martin attorney, please call 1-800-275-7303.

ATLANTA
1180 W Peachtree Street NW
Suite 2100
Atlanta, GA 30309-3407

CHATTANOOGA
832 Georgia Avenue
Suite 1000 Volunteer Building
Chattanooga, TN 37402

NASHVILLE
401 Commerce Street, Suite 720
Nashville, TN 37219-2449