
Subject:

Chattel Lien Information

Instructions regarding Chattel Lien:

1. Client needs to sign and date the Chattel Lien Notice. The Notice only includes the amounts listed on the Repair Orders. The Repair Orders must expressly allow attorney fees and costs, they are not permitted under Washington law. The Repair Order needs to comply with Washington law.
2. Record the Chattel Lien Notice in the office of the auditor in the county where the Chattel is "kept." If client has possession of the vehicle, the Chattel Lien Notice will need to be recorded in the county where the vehicle is. When you file the Notice, you should be given a certified copy of the Notice as well as the "Certificate of Fact." You will need both documents.
3. Serve the registered and legal owners of the vehicle with the Notice. You will want to include a separate cover letter that "notifies the registered and legal owners of the filing." The cover letter and Notice must be served by certified mail, return receipt requested, and by first class mail. If it is returned undeliverable, do not open the returned letter as you are required to submit the unopened letter. In addition, it is important that you serve all registered and legal owners. A lot of times, financial institutions must be served.
4. Complete an Affidavit of Service by Mail for each registered and legal owner.
5. Complete a Vehicle/Vessel Chattel Lien Sale Affidavit.
6. Complete the Vehicle Certificate of Ownership (Title) Application.
7. Submit the following documents to any vehicle licensing office: (1) Vehicle/Vessel Chattel Lien Sale Affidavit; (2) Vehicle Certificate of Ownership (Title) Application; (3) certified copy of the Chattel Lien Notice with the Certificate of Fact attached; (4) a copy of the Chattel Lien Notice with the return receipt attached or with the unopened Notice if it is returned as undeliverable; (5) Affidavit of Service by Mail for each registered and legal owner; (6) all work orders; and (7) all applicable fees.
8. The vehicle can be sold in its present condition or after commercially reasonable preparation or processing. The proceeds of the sale must be disbursed in the following order: (a) the reasonable expense of retaking, holding, preparing for sale, selling, and, to the extent provided in the agreement, reasonable attorney fees and costs; (b) satisfaction of the lien (the repair costs); and (c) pay off any other lien holders, if you receive notice of a lien.
9. Once the vehicle is sold, you must account to the registered and legal owner for any surplus and, unless otherwise agreed, the owner is not responsible for any deficiency.
10. Here are additional laws that you should be familiar with:

Disposition of the collateral may be by public or private proceedings and may be made by way of one or more contracts. Sale or other disposition may be as a unit or in parcels and at any time and place and on any terms, but every aspect of the disposition including the method, manner, time, place and terms must be commercially reasonable which shall be construed as provided in RCW 60.10.070. Unless collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, reasonable notification of the time and place of any public sale or reasonable notification of the time after which any private sale or other intended disposition is to be made shall be sent by the lien holder to the lien debtor, by first-class mail, and registered or certified mail, and except in the case of consumer goods to any other person who has a security interest in the collateral and who has duly filed a financing statement indexed in the name of the lien debtor in this state or who is known by the lien holder to have a security interest in the collateral. The lien holder may buy at any public sale and if the collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations he or she may buy at private sale. Before accepting any bid or offer for purchase, the lien holder shall inform the bidder or purchaser of the existence of any prior lien or security interest in the collateral, and the identity of the holder of the prior lien or security interest. If the lien holder does not know this information, he or she shall advise the prospective purchaser of that.

Commercially Reasonable means as follows: The fact that a better price could have been obtained by a sale at a different time or in a different method from that selected by the lien holder is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. If the lien holder either sells the collateral in the usual manner in any recognized market therefor or if he or she sells at the price current in such market at the time of his or her sale or if he or she has otherwise sold in conformity with reasonable commercial practices among dealers in the type of property sold he or she has sold in a commercially reasonable manner. A disposition which has been approved in any judicial proceeding or by any bona fide creditors' committee or representative of creditors shall conclusively be deemed to be commercially reasonable, but this sentence does not indicate that any such approval must be obtained in any case nor does it indicate that any disposition not so approved is not commercially reasonable.

11. As stated above, you must give reasonable notice of the time and place of any public sale by first-class mail and registered or certified mail. The notice should be mailed at least 15 days prior to the sale.
12. Redemption rights are set forth in RCW 60.10.050.