



# Judicial Council of California

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## INVITATION TO COMMENT

### SPR25-08

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**Title**

Civil Practice and Procedure: Amendment of the Collections Case Rule

**Action Requested**

Review and submit comments by May 23, 2025

**Proposed Rules, Forms, Standards, or Statutes**

Amend Cal. Rules of Court, rule 3.740

**Proposed Effective Date**

January 1, 2026

**Proposed by**

Civil and Small Claims Advisory Committee  
Hon. Donald J. Proietti, Chair

**Contact**

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### Executive Summary and Origin

The Civil and Small Claims Advisory Committee proposes amending the monetary limit in California Rules of Court, rule 3.740, which governs collections cases, to match the current jurisdictional limit for limited civil cases, which was recently raised by Senate Bill 71 (Stats. 2023, ch. 861) to \$35,000 effective January 1, 2024. The committee also proposes amending the rule's time for service and default judgment provisions.

### Background

Rule 3.740 was adopted effective July 1, 2007, to establish a category of “collections cases” and to provide uniform statewide rules for such cases.<sup>1</sup> The rule exempts collections cases from the case management rules that apply to general civil cases. The plaintiff in a collections case has 180 days to serve the complaint, rather than 60 days, and must obtain a default judgment within 360 days after the filing of the complaint if service is effected and the defendant does not file responsive pleadings. Rule 3.740 does not apply to collections cases that seek to recover more than \$25,000.

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<sup>1</sup> Judicial Council of Cal., Advisory Com. Rep., *Collections Cases: Service and Case Management* (Apr. 1, 2007).

*This proposal has not been approved by the Judicial Council and is not intended to represent the views of the council, its Rules Committee, or its Legislation Committee. It is circulated for comment purposes only.*

In SB 71 (see Link A), the Legislature raised the jurisdictional limit for limited civil cases to \$35,000 or less, effective January 1, 2024.<sup>2</sup> Although the \$25,000 limit in rule 3.740 matched the jurisdictional limit for limited civil cases that was in place until 2024, there is no requirement in the rule or statute to increase the rule’s monetary limit to match an increase in the jurisdictional limit for limited civil cases. The Judicial Council is therefore not required to amend rule 3.740 to implement SB 71.

## **The Proposal**

### **Increasing the rule’s monetary limit**

The committee proposes amending subdivision (a) of rule 3.740 to change the monetary limit for collections cases from \$25,000 to \$35,000 to match the current jurisdictional limit for limited civil cases.

The committee considered leaving the rule’s monetary limit unchanged because the committee was concerned that making additional collections cases exempt from the general case management, time for service, and default judgment rules could increase the number of cases not disposed of in one year or that are not moving toward resolution because of a lack of active case management. The committee also considered that the \$25,000 monetary limit in the rule was originally chosen because “if the recovery sought is greater [than \$25,000], the case would not be simple and may require active case management.”<sup>3</sup> It is unclear whether the same reasoning now applies to cases seeking more than \$25,000, considering that \$25,000 in 2007 dollars (the year the rule was adopted) is \$38,000 in 2025 dollars.

The committee determined that leaving the monetary limit unchanged could be confusing for court staff and court users, who might be unaware that rule 3.740’s monetary limit remains at \$25,000. This confusion could cause some collections cases to be incorrectly handled, such as errors by courts or court users when completing or processing forms such as *Civil Case Cover Sheet* (form CM-010). Additionally, as explained below, the committee ultimately decided to propose deleting the rule’s service and default judgment provisions, which eliminates the risks created by giving more collections cases additional time to serve the complaint or seek default judgment.

### **Removing the rule’s time for service and default judgment provisions**

The committee also proposes deleting subdivisions (c)(1), (d), (e), and (f) of rule 3.740, which extend the time for service and the time to seek a default judgment in collections cases.

However, the committee proposes keeping subdivision (c)(2), which exempts collections cases

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<sup>2</sup> Code Civ. Proc., §§ 85, 86.

<sup>3</sup> Judicial Council of Cal., Advisory Com. Rep., *Collections Cases: Service and Case Management* (Apr. 1, 2007), p. 5. The delineation between limited and unlimited cases was one factor in choosing the monetary limit in the rule, but it was not the only factor. (See *id.* at p. 3 [“The committee agrees that the rules should exempt limited jurisdiction collections cases . . . and that unlimited cases should be treated as other general civil cases.”].)

from the case management rules that apply to all general civil cases under rules 3.712–3.715 and 3.721–3.730, unless a defendant files a responsive pleading.

The committee believes that eliminating these provisions would serve the interest of judicial efficiency by decreasing the average time for service and time to disposition in collections cases. Eliminating these provisions would also eliminate fundamental unfairness created by the different treatment of these parties as compared to parties in other civil matters.

The committee is concerned that the rule’s extension of time to serve collections complaints might be exacerbating service issues, for example by making it more likely that the defendant’s address will have changed by the time the plaintiff attempts service. Similarly, the extended time between filing the complaint and service might be making it more difficult for defendants to understand why the complaint was filed or mount a defense, for example because the passage of time might be making it harder to locate the bill or other documentation underlying the debt at issue.

The committee considered leaving these provisions in the rule unchanged. The committee acknowledges that the rule’s time for service provisions were created because “it may be difficult to locate defendants and effect service of complaints within the 60-day period required under rule 3.110.”<sup>4</sup> The committee is therefore concerned that removing the time for service provision might lead to more hearings in collections cases because more plaintiffs might need to ask the court to extend their service deadlines. The committee is also concerned that removing the time for service provision could lead to more requests for service by publication.

The committee ultimately determined that it would be beneficial to propose these amendments to rule 3.740 and seek public comment on the potential benefits and drawbacks. The committee’s objective is to ensure that (1) defendants in collections cases are not placed at a disadvantage compared to defendants in other case types, (2) service is effected on the right person, and (3) cases are disposed of quickly but within parameters of due process. The committee asks for comments on whether the proposed amendments will meet that objective.

## **Alternatives Considered**

The committee considered taking no action but ultimately determined the revisions were warranted in light of the benefits the revisions would provide to the courts and court users. As discussed in the explanation of the proposal, the committee considered several alternatives when drafting the proposed rule amendments and concluded that the current proposal is consistent with the *Strategic Plan for California’s Judicial Branch*, specifically the goals of Modernization of Management and Administration (Goal III) and Quality of Justice and Service to the Public (Goal IV).

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<sup>4</sup> *Id.* at p. 2.

## Fiscal and Operational Impacts

Amending rule 3.740 will require educating court staff and judicial officers and might require changes to computerized case management systems.

### Request for Specific Comments

In addition to comments on the proposal as a whole, the advisory committee is interested in comments on the following:

- Does the proposal appropriately address the stated purpose?
- Do the proposed changes help ensure that:
  - defendants in collections cases are not placed at a disadvantage compared to defendants in other case types;
  - service is effected on the right person; and
  - cases are disposed of quickly but within parameters of due process?

The advisory committee also seeks comments from *courts* on the following cost and implementation matters:

- Would the proposal provide cost savings? If so, please quantify.
- What would the implementation requirements be for courts—for example, training staff (please identify position and expected hours of training), revising processes and procedures (please describe), changing docket codes in case management systems, or modifying case management systems?
- Would two months from Judicial Council approval of this proposal until its effective date provide sufficient time for implementation?
- How well would this proposal work in courts of different sizes?

## Attachments and Links

1. Cal. Rules of Court, rule 3.740, at pages 5–6
2. Link A: Senate Bill 71,  
[https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202320240SB71](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB71)

Rule 3.740 of the California Rules of Court would be amended, effective January 1, 2026, to read:

1 **Rule 3.740. Collections cases**

2  
3 **(a) Definition**

4  
5 “Collections case” means an action for recovery of money owed in a sum stated to  
6 be certain that is not more than ~~\$25,000~~ **\$35,000**, exclusive of interest and attorney  
7 fees, arising from a transaction in which property, services, or money was acquired  
8 on credit. A collections case does not include an action seeking any of the  
9 following:

- 10  
11 (1) Tort damages;  
12  
13 (2) Punitive damages;  
14  
15 (3) Recovery of real property;  
16  
17 (4) Recovery of personal property; or  
18  
19 (5) A prejudgment writ of attachment.  
20

21 **(b) Civil Case Cover Sheet**

22  
23 If a case meets the definition in (a), a plaintiff must check the case type box on the  
24 *Civil Case Cover Sheet* (form CM-010) to indicate that the case is a collections  
25 case under rule 3.740 and serve the *Civil Case Cover Sheet* (form CM-010) with  
26 the initial complaint.  
27

28 **(c) Exemption from ~~general time for service requirement and case management~~**  
29 **rules**

30  
31 A collections case is exempt from:

- 32  
33 ~~(1) The time for service requirement of rule 3.110(b); and~~  
34  
35 ~~(2) The case management rules that apply to all general civil cases under~~  
36 ~~rules 3.712–3.715 and 3.721–3.730, unless a defendant files a~~  
37 ~~responsive pleading.~~  
38

39 ~~**(d) Time for service**~~

40  
41 ~~The complaint in a collections case must be served on all named defendants, and~~  
42 ~~proofs of service on those defendants must be filed, or the plaintiff must obtain an~~

1 order for publication of the summons, within 180 days after the filing of the  
2 complaint.

3  
4 **(e) — Effect of failure to serve within required time**

5  
6 If proofs of service on all defendants are not filed or the plaintiff has not obtained  
7 an order for publication of the summons within 180 days after the filing of the  
8 complaint, the court may issue an order to show cause why reasonable monetary  
9 sanctions should not be imposed. If proofs of service on all defendants are filed or  
10 an order for publication of the summons is filed at least 10 court days before the  
11 order to show cause hearing, the court must continue the hearing to 360 days after  
12 the filing of the complaint.

13  
14 **(f) — Effect of failure to obtain default judgment within required time**

15  
16 If proofs of service of the complaint are filed or service by publication is made and  
17 defendants do not file responsive pleadings, the plaintiff must obtain a default  
18 judgment within 360 days after the filing of the complaint. If the plaintiff has not  
19 obtained a default judgment by that time, the court must issue an order to show  
20 cause why reasonable monetary sanctions should not be imposed. The order to  
21 show cause must be vacated if the plaintiff obtains a default judgment at least 10  
22 court days before the order to show cause hearing.