



Bankruptcy Basics

5 Ways To Stop Car Repossession

Posted by [REDACTED] | Nov 04, 2021 | 0 Comments

Repossession is one of the biggest fears of a car owner in a financial pinch. It can feel like the hard work you've put into paying your auto loan has suddenly been invalidated – like it doesn't even matter. And adding insult to injury, once your car has been repossessed the lender may charge you extra for the work they put into recouping the money you owe. As for the future, car repossession typically lowers your credit score, making it even more challenging to take out a loan for your next vehicle.

Unfortunately, if you're in a financial crisis at the moment or you have other financial responsibilities, repossession in Georgia can be difficult to avoid, but that doesn't mean it's impossible.

A qualified bankruptcy attorney can help you take the steps necessary to protect your car before you see the repo man, but you'll need to act quickly.

Note: We've listed bankruptcy last because it's important to know your options, but if you've found your way to this page, it's likely that **bankruptcy is actually the best option** to get you in a good place financially, and relieve the stress you're under.

If you're unsure, get help from an experienced bankruptcy lawyer.

1. Know The Law Surrounding Car Repossession In Your State

Car repossession laws vary from state to state.

For example, in California, lenders can repossess a car if the borrower misses even a single payment. On the other hand, if you're in Virginia, lenders can't repossess unless 10 days have passed and you still haven't made the payment. Some states may vary in this regard, although most have a payment term of around two to three months before lenders can repossess.

In Georgia there's no rule saying lenders have to wait a certain amount of time after you've missed a payment, but generally **when two payments are missed they start the repo process**.

It's also worth noting that if you live in Georgia lenders and repossessioners don't have to give you notice. It's not uncommon for them to show up on Christmas morning, when you're likely to be home, and tow your car before you can check to see if it's Santa and his reindeer.

Repossessions May be on the Rise

Many of us who found ourselves out of work or underemployed during the pandemic benefitted by accommodations that prevented lenders from repossessing vehicles.

But as those emergency measures are lifted we may find that lenders, hit hard by loan payment shortfalls, start pursuing defaulted loans more vigorously. In short, as the economy improves, repossessions will likely rise.

2. Ask For An Extension Or A Compromise

While lenders are allowed to repossess after a missed payment, the decision to do so is still up to them. So if you aren't necessarily in the red and there was just a minor setback, it might be possible to ask for an extension or a compromise from the lender. Remember that vehicle repossession is a hassle to both the lender and the borrower, so you're likely to receive a favorable response. Of course, you'll need a good explanation as to why you can't pay at the moment.

Once you've communicated with the lender, you should be able to identify the possible options you can take to stop car repossession. One such option is a deferment agreement.

But beware, **if your finances don't get better you could end up owing even more than if you had pursued a resolution through bankruptcy**.

3. Check If You Qualify For A Deferment Term

Deferment refers to an agreement at which the borrower doesn't have to pay the lender for a certain length of time. It essentially extends the deadline of payment. The deferment period may last for several months up to two years.

However, **depending on the lender and borrower's agreement, interest may still pile up** throughout this duration, so one may argue that it may increase the amount you owe by a significant amount.

Before the deferment period starts, you and the lender must first sign a contract. It should include the length of deferment and the penalty you may accrue in the event where you can't make payments past this period. One can only qualify for a deferment term if they can show economic hardship, hence the previous step. Take note that deferment doesn't affect your credit score.

4. Refinance The Loan With A Different Lender

When you refinance a loan, you obtain a new loan from a different lender, but you need to transfer the balance from the existing loan. So why is it one of your options to stop repossession?

One of the main advantages of refinancing is that you can secure different interest rates and terms. For example, if the previous lender has a period of five years, the new lender may have a longer loan term, which essentially extends your time to earn money for the loan. Moreover, the new lender may offer a different interest rate, ideally one that's lower than the previous rate.

In that case, you can reduce the interest that the loan will accrue, although it won't reduce your balance from the previous loan. But remember to consider any one-time financing charges, which could increase the amount you owe overall.

5. Consider Filing For Bankruptcy

Filing for Georgia bankruptcy creates a provision called the automatic stay. Automatic stay makes it so that it becomes illegal for creditors and collectors to continue pursuing car loans, mortgages or other debts.

So if you file for bankruptcy, the car lender can't repossess your car. It's worth noting that the automatic stay is only temporary, while your bankruptcy is being processed. But once your debts are discharged through bankruptcy in most cases your car will be safe from repossession and you will have a new financial situation that allows you to afford it.

Generally speaking, if you are paying \$500 or more per month on credit cards and other personal loans, and that is causing you to fall behind on car payments, a Chapter 13 or 7 bankruptcy could eliminate that personal debt allowing you to continue paying for the car.

Your attorney can quickly decide the best way to avoid repossession after a consultation.

Read More:

- [Chapter 7 Bankruptcy in Georgia](#)
- [Chapter 13 Bankruptcy in Georgia](#)
- [What Happens to My Car in Bankruptcy?](#)

If you're worried about your car being repossessed, don't let this opportunity slip away from you. Call [REDACTED] today for a free consultation.

Contact Our Firm

Name *

Phone *

Email *

Message *

Submit