

Don't Lose Your Possessions To Repossession

Do you know what could happen if you buy a car or a boat or other large item and miss even a single payment? You may wake up one morning and find your property is no longer in your driveway. That's right. It has been repossessed by the seller.



*Tips from your
Community Banker*

If a buyer fails to make timely payments on an installment agreement, the creditor has the right to take possession of the property. However, in so doing, the creditor cannot cause a breach of the peace by a physical confrontation with the buyer or cause property damage. Additionally, a creditor cannot keep personal items found inside your boat or car. Personal property does not include improvements, such as a CD player or a luggage rack.

If your property is repossessed, you can reclaim it by paying the entire balance due, plus repossession charges, plus attorney and court fees. In the meantime, the creditor has the right to resell the property and if he receives less than the original value of the property, you can be held liable for the difference in the original price and the selling price.

For example, let's say you still owe \$3000 on your car. The creditor repossesses your vehicle and sells it for \$1500. You are still responsible for the remaining \$1500 and any charges related to repossession. This is called a deficiency; an amount still owed by the debtor after the creditor sells the property and applies that amount to your unpaid balance. In the end,

you could lose not only the vehicle, but all of the payments you made on the vehicle.

Before reselling your property, the creditor must first take reasonable steps to notify you, the debtor, of the sale and make sure the sale is conducted in a reasonable manner to obtain a reasonable price for the item. If the creditor does not take these steps, then the debtor is not liable for the deficiency between the original price and the resale price. The debtor can also participate in the bidding process and possibly reclaim the property.

If you're unable to make a payment or a special circumstance forces you to make a late payment, talk to your creditor to explain the situation. Creditors don't want the property back and many times are willing to work with you and revise your payment schedule. If you negotiate a payment schedule, be sure to get the terms in writing because oral agreements are hard to prove in court. Until you make that last payment, the property actually "belongs" to the creditor and can be repossessed any time you default in your payments.

Take care you don't over-extend yourself, make timely payments and you'll have one less worry when you wake up in the morning.

Provided as a public service by the



**PENNSYLVANIA ASSOCIATION OF
COMMUNITY BANKERS**

Contact: Pennsylvania Association of Community Bankers, (717) 231-7447