

Repossession

This brochure focuses mostly on car repossession, but mobile home repossession works more or less the same.

Many companies make their money from payment plans. They offer plans that people can't afford. These companies count on being able to repossess your car and sell it to somebody else. Then the new owner can't pay, and the car gets repossessed again and again.

What are the reasons for repossession?

- Late bill payments;
- Not keeping insurance on your car;
- Anything else that goes against the terms of your contract.

Even if your car breaks down and won't run, you still have to make payments. If your car won't run, keep making the payments and contact a lawyer right away. There may be a way to get out of the car contract and even get some money back.

What should I do if the repo man shows up?

What to do when the repo man shows up depends on where you are. It also depends on if the seller has a court judgment against you. If there is a court judgment against you, you will probably know. This is because you probably went to court about your car or received a summons. If you were served a summons but did not show up in court, you might also have something called a default judgment against you.

Never forget these two things:

- Do not keep your car contract in your car.
- Try not to keep anything valuable in your car.

If there is a judgment against you:

Remove all your valuables from your car right away.

Sometimes your possessions will still be in the car when the repo man arrives. Try to get them out before the car is taken. Repo companies often charge very high fees to "store" your possessions. Also, the repo company might just get rid of them before you have a chance to get them back.

If there isn't a judgment against you:

On-Reservation

The laws on the reservations give you a good defense against repossession. It is *illegal* for someone to repossess your car or mobile home without a court order. ***Unless you give him permission!***

Do not voluntarily give up your car or mobile home. ***You will still have to pay*** the rest of what you owe on the car, unless you make a specific agreement with the seller that cancels the remaining payments.

In some cases, you might work out a deal with the seller. For example, they might agree that you don't have to pay anything more on the car if you let them repossess it. Do not agree unless they will ***put it in writing***.

Off-Reservation

A lender does not need a court order to repossess your vehicle.

Even if you have only missed or been late on **one** payment, the company might try to repossess your car. Some companies will repossess when you have only been four days late on one payment!

Repossession can sometimes be illegal without a court order. If you make a strong, verbal protest, your car cannot legally be repossessed.

DO NOT threaten to harm, or actually harm, the repo man. Also, don't do anything that could get you hurt.

Five ways to protect your car

1. Keep copies of your payment history. Even if you missed payments, copies of bills and receipts will be useful if you have to go to court.

2. Avoid Title Loans. Even other types of loans with high interest are better than Title Loans. Why? Because, you don't lose your car if you can't pay. If you have to borrow money, credit unions or family and friends are the best source.

3. Don't use your car as collateral. Don't do it even if you think you can pay back a loan quickly. If you lose your job or have a medical emergency and can't pay, you could lose your car too. It's just not worth the risk.

4. Keep it on-reservation. Repo men will wait until you drive off-reservation to take your car. Remember, they do not need a court order if

the car isn't actually on the reservation.

5. Keep it behind a locked gate or in a garage. A repo man cannot repossess your car if he has to break and enter in order to get it.

Four ways to protect your mobile home:

1. Get a Homestead Declaration. This will protect up to \$250,000 of equity in your home from creditors. Equity is the value of your home minus what you owe on it. You will still need to pay back your mortgage. A Homestead Declaration will not protect you from foreclosure.

2. Keep copies of your payment history. Just like with cars, this could be very important if you do have to go to court.

3. Try to avoid "Home Improvement" loans. Home Improvement loans often use your home as collateral. If you can't pay them back, you could lose your home.

4. Don't use your home as collateral. If you can't get a low-interest loan without using your home as collateral, you still have options. Talk to Montana Legal Services Association or Rural Dynamics, Inc. about how to improve your credit score so you can get a better loan.

Rural Dynamics, Inc.

A non-profit agency that can help create a plan for managing your debts.

Visit: Ruraldynamics.org; or call:

1 (877) 275-2227.

How do I get more help?

Montana Legal Services Association (MLSA) provides free civil legal help to low-income people. Contact us to see if you qualify:

- Apply anytime online at mtlsa.org;
- Call our Helpline at 1-800-666-6899 (Helpline hours are limited).

What help can I find at MLSA?

- Legal advice and representation;
- Referrals to volunteer attorneys and other providers;
- Self-help clinics and materials.

www.MontanaLawHelp.org

Need legal information or forms? Visit www.MontanaLawHelp.org.

Can't find what you want? Use LiveHelp. Click on the LiveHelp picture and get help finding the information you need.

www.MTLSA.org

Find copies of all our brochures online. They are all available for free download!

This pamphlet is meant to give basic legal information, not legal advice about your problem. The law changes often and each case is different. We recommend you talk to an attorney about your legal problem.

Montana Legal Services Association

Money Problems:

Vehicle and Mobile Home Repossession



Providing, protecting, and enhancing access to justice.

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