



TAMPA BAY BANKRUPTCY CENTER, P.A.

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How to Keep your Car in Bankruptcy

In filing for bankruptcy, the thing people fear most is losing important assets such as their house or car. Having a house to live in is obviously important, but in certain situations, it is almost impossible to survive financially without a car. You would need a vehicle to help you get to and from work, at the very least. Hence, most people would want to keep their vehicles when filing for bankruptcy.

The good news is that it is possible to keep your car or whatever vehicle you own when you file for bankruptcy. However the conditions depend on a few factors. The first determining factor is the type of bankruptcy you file for. Essentially, for individuals there are two types of bankruptcy - chapter 7 and chapter 13.

When filing for Chapter 13 bankruptcy, you are opting to have your debts reorganized so that you can pay them off over a period of up to 5 years. Your car load debt will become part of your overall debts that are

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reorganized but the total amount you will have to repay depends on the age of your car or vehicle.

For car loans newer than 910 days old, you will have to repay the full amount of loan you took. But you might be able to lower the interest rates under the bankruptcy guidelines, meaning you can repay less each month.

For older car loans (more than 910 days), the bankruptcy court will determine the fair market value of the car and determine a prorated amount for you to repay. If you are already behind in your car loan payments, you would have to include the amount you owe into the repayment plan.

The other type of bankruptcy is a Chapter 7 bankruptcy which means you would liquidate your assets to repay your debts. When it comes to the car or vehicle loan, there are three options - reaffirm the loan, redeem the loan or surrender the car.

Reaffirming the loan means you commit to paying the monthly car loan installments even as you liquidate your other assets to pay other debts.

If you opt for this choice, you need to sign a Chapter 7 Individual Debtor's Statement of Intention which is a document that lists your secured debts and your intention to reaffirm your car loan debt.

Redeeming your loan means you pay off the loan in one lump sum. You can take this option if you are able to find someone who would provide

the money you need to redeem the car loan assuming you cannot afford it yourself.

Finally, you may opt to surrender the car to the lender. This option may be viable if it saves you enough money to purchase a cheaper car in cash for your transportation needs.

If you are contemplating bankruptcy, call us at (813) 200-4133 for a free consultation.