

CAR REPOSSESSION AND HOW TO AVOID IT

A PRESENTATION BY
SOUTH CAROLINA LEGAL SERVICES



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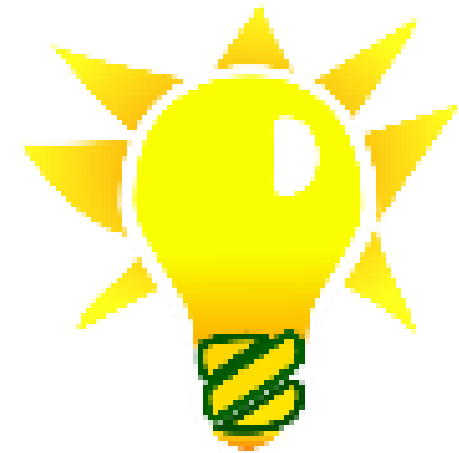
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TOPICS

- Know Before You Buy- Avoid Repossession
- When Can My Car be Repossessed?
- Repossession is NOT the End



KNOW BEFORE YOU BUY- AVOID REPOSSESSION: MAKE SURE YOU CAN AFFORD IT

ONE WAY

- Walk into a dealership “just to look”
- Salesman shows you cars that you love, not telling you the car sales price, just the monthly payment
- You are not sure if the car is worth the sales price
- You think you can afford the payment offered but you don't look at the interest rate

THE RIGHT WAY

- Research online different cars and models before you go to the dealership
- At the dealership, look for cars in your price range
- If you find a car you like, leave the dealership and go home to research what that model costs (kbb.com)
- Go to a bank or credit union to apply for a loan and get options on interest rate
- Go back to the dealership to negotiate the price first! Then discuss what interest rates are available, comparing them to the one from the bank.

KNOW BEFORE YOU BUY- AVOID REPOSSESSION: PLAN FOR HOW MUCH YOU CAN AFFORD

ONE WAY

- You really need a car for work!
- You think you can afford the payment but you don't do a budget using your monthly income
- And you forgot to figure out how much insurance, taxes, gas, maintenance, and repairs are.
- At the end of the month, you have to choose whether to pay your payment or get gas and pay the insurance

THE RIGHT WAY

- Before you go to the dealership, you do a monthly budget that shows how much in "transportation costs" you can afford.
- When you find the car you want, call the tax office for a estimate on car taxes.
- Call the insurance company for an estimate on insurance costs.
- Don't forget to think about gas, maintenance (like oil changes) and repair costs.
- The remainder is how much you can afford in a car payment

THE CONTRACT

- READ IT! Slowly..... There is no rush. If the salesman is trying to rush you, you can always walk away.
- If you don't understand a charge/fee, ASK!
- Make sure the sales price, down payment and interest rate are correct and what you discussed with the salesman.
- What about the warranty? AS-IS means no repairs after you drive away



THINGS TO KNOW BEFORE BUYING A CAR

Research car prices and values

Before you go to the dealership, use Kelly Blue Book or a similar service to figure out the value of the car make and model. Don't buy a car for much more than its value. You can always come back to a dealer once you research the car and determine the value.

Plan for taxes and insurance

Check with your county tax office for a yearly car tax estimate. Check with insurance companies in your area for a monthly policy quote. Include these amounts when deciding how much you can afford every month.

Read the contract

Look for any hidden fees – including extra charges, dealer insurance, tracking devices, other insurance charges. Make sure it includes the full purchase price, amount of deposit (if any), date or dates of payment(s) and payment method. If you don't understand any part of the contract, ask questions.

Understand the financing

Make sure that the contract includes and you understand, the agreed upon interest rate (APR), amount that the loan will cost you over time and any other financing fees or costs. Watch out for "yo-yo" trap – when you're allowed to take the car before the financing has been approved and finalized.

"As-Is" vs. Warranties

Know whether you're buying the car "as-is", meaning you get the car in the condition it is at the time, or with a warranty. With a warranty, the seller might have to fix the car if there's a defect. If you buy a car "as-is," you are responsible for all repairs!



FOR MORE LEGAL INFORMATION, PLEASE VISIT
WWW.LAWHELP.ORG/SC

WHEN CAN MY CAR BE REPOSSESSED?

- Your Contract says the day of the month your payments are due.
 - It will also say after how many days late is a “default”
- S.C. law says after the payment is 10 days late, the lender must send a letter called a “Right to Cure” letter before repossession
 - The letter will give you 20 days to “cure” or pay what you owe, including late fees
 - If you cure by that date, your car cannot be repossessed.
 - If you do not cure, your car can be repossessed.
- You may only get one “Right to Cure” letter in the life of the loan, usually after your first default.
- That means, if you default a second time, they can repossess at any time after default.

THE REPOSSESSION: HOW CAN MY CAR BE TAKEN?

- Under S.C. Law, there cannot be a breach of peace- no confrontation with the debtor or a third party.
- Car can be taken from the street, employer's parking lot, debtor's driveway or carport or open garage.



REPOSSESSION IS NOT THE END OF THE STORY

- Notice of sale of the car must be sent to you
 - You have a right to redeem or pay all money owed any time prior to the sale
 - To be a true redemption, you must physically offer money (or certified check)
- The dealer can sell the car or keep it for satisfaction in full for the loan
 - Must sell it in a “commercially reasonable way”
 - If they sell it and it does not pay off the loan, the result is the “deficiency”
 - You can be sued to pay the deficiency amount

WHAT IF THERE IS A PROBLEM WITH YOUR REPOSSESSION?

- Call S.C. Legal Services! 1-888-346-5592
- File a complaint with the S.C. Department of Consumer Affairs
- Go to the Magistrate Court for a restraining order to keep the lender from repossessing or selling the car until a lawsuit you bring is over.

OTHER ISSUES WITH REPOSSESSION

- You are allowed to get your personal belongings from the car after it is taken
 - You do not have to sign a release to do this!
 - There is no fee to get your belongings out
 - Make sure to get all of your loan paperwork out of the car
- Remote shut-off of the vehicle
- How long to sue on deficiency: 3 vs. 6 years

QUESTIONS?

