

# Can Bankruptcy Stop Repossession of Vehicle?

Bankruptcy offers a temporary shield against vehicle repossession by triggering an automatic stay, halting creditors' collection efforts, including vehicle repossession.

## Vehicle Repossession

- Lenders can repossess vehicles if borrowers default on payments, typically without a court order.
- Borrowers have rights, including being informed about the repossession process and retrieving personal belongings from the vehicle.

## Focus on Chapter 7

- Chapter 7 bankruptcy allows discharge of most unsecured debts, providing a fresh start for debtors.
- Secured debt, like auto loans, can be discharged, but the lender can seize the collateral.

## Secured vs. Unsecured Debt

- Secured debt requires collateral, like vehicles, offering lower risk for lenders.
- Unsecured debt, such as credit cards, doesn't require collateral, posing higher risk for lenders.

## Redemption of Car in Bankruptcy

- Car redemption lets debtors pay the current vehicle value to retain ownership, beneficial if the car's value is less than what's owed.
- Requires ability to pay the lump sum, usually challenging for debtors.

## Reaffirmation Agreement

- Voluntary agreement between debtor and creditor allowing continued payment of a discharged debt.
- Debtors remain liable for reaffirmed debts, with legal implications for non-payment.