



Repossessions Fact Sheet

Introduction

Your car can be repossessed if you have “defaulted” on any term in your contract. Most contracts state what triggers a default.

General Triggers

- you are late on a monthly payment
- you do not pay the full monthly payment
- you stop paying on your auto insurance premium
- you lose or suspend coverage of your auto insurance

Your car can be repossessed anywhere, anytime, so long as the repossession company does not “breach the peace.” Examples of a breach of peace include physical force, a threat of force, and removing your car from a closed garage without your permission. If there is a breach of peace and any harm is done to you or your property, your lender may be required to pay a penalty and compensate you.

You are not entitled to notice of a repossession.

Your Personal Property

You have a right to obtain some of your personal property from your vehicle, even though your financial lender may charge you for towing, recovery, and storage. These items shall be released without charge by the creditor to the owner or operator of the motor vehicle or their duly authorized representative.

You need to retrieve these items immediately:

- personal or legal documents
- medications
- child-restraint seating
- wallets or purses and the contents of such
- prescription eyeglasses
- prosthetics
- cell phones
- photographs
- books

Having Your Car Sold

They may sell your car if you do not redeem it. Every aspect of the sale, including the method, manner, time, place, and other terms, must be commercially reasonable. If commercially reasonable, a secured party may dispose of collateral by public or private proceedings, by one or more contracts, as a unit or in parcels, at any time and place, and on any terms.

They must send you written notice prior to the sale stating:

- a description the vehicle
- that it is a sale
- that you are entitled to an accounting of the unpaid indebtedness and any charge for an accounting
- the time and place of a public disposition or the time after which another disposition is to be made
- any liability for a deficiency
- a telephone number to redeem collateral
- a phone number or mailing address from which more information about the sale is available

Having Your Car Returned

Pay the full amount that you owe (which usually includes your past due payments and the entire remaining debt) in addition to the expenses connected with the repossession, like storage, preparation for sale, and attorney’s fees.

You have a right to accounting without cost and once every six months for all the debt they allege you owe. The lender only has 14 days to respond to your request. If the lender fails to comply with this without reasonable cause, they may be required to pay a penalty, damages, and \$500.

This fact sheet is a collaboration of the Center for Arkansas Legal Services and Legal Aid of Arkansas, Inc. These nonprofit organizations provide free legal assistance to eligible Arkansans who meet income, asset, and other guidelines. Legal assistance may also include advice and counsel, brief services, or full representation depending on the situation. For more information about civil legal aid in Arkansas, please visit arlegalservices.org. For information specific to Legal Aid of Arkansas, Inc., visit arlegalaid.org. Apply for services online or by calling 1-800-9-LAW-AID (1-800-952-9243).

The information and statements of law in this fact sheet should not be considered legal advice. This fact sheet is provided as a broad guide to help you understand how certain legal matters are handled in general. Courts may interpret the law differently. Before you take action, talk to an attorney and follow his or her advice. Always do what the court tells you to do.

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