

VEHICLE REPOSSESSION

- Vehicle finance companies seek to avoid repossessing their collateral wherever possible, using it as an option of last resort. Finance companies nearly always lose money in repossessions, and therefore put a considerable amount of time and effort into working with their customers to resolve account issues and avoid repossession. Repossessing vehicles is a result that neither buyers nor finance companies want.
- Vehicle finance customers seeking to avoid having their vehicles repossessed should contact the financial institution as early as possible. A dialogue between the financial institution and its customer is the best way to identify a mutually beneficial arrangement in which the person gets to retain his or her vehicle while satisfying their obligation to the finance company.
- For their part, vehicle finance companies proactively reach out to their customers experiencing financial difficulty to kick start a dialogue that will result in a workable arrangement between the two parties. These companies recognize that each individual's situation, credit history, and account history vary. Therefore, they work with individuals on a case-by-case basis to find ways to remedy an account problem whenever possible.
- Though a last resort, repossession is sometimes the only option available. AFSA members recognize that the repossession process must be handled carefully and are committed to ensuring that repossession actions are conducted professionally and tactfully and in full compliance with all relevant laws and regulations. AFSA members stress with their repossession contractors the necessity that any repossession be peaceful and free from any violation of law.
- Repossessions are a necessary tool to ensure financial stability in the auto-finance market and maintain the flow of affordable credit to consumers who want or need to own a

vehicle. The current self-help process creates operational efficiencies, which are passed on to consumers in the form of lower credit costs.

- Efforts to change the long-standing state laws that provide for self-help repossessions are often misguided and likely to result in a more complex, lengthy and costly repossession process which would leave vehicle finance companies no option other than passing those increased costs on to consumers in the form of higher finance rates and fees. Unreasonably restricting repossessions would mean a tighter credit market, disproportionately affecting low-income borrowers.
- AFSA and its members are strong supporters of programs that educate buyers on the financial responsibilities that come with financing a vehicle. An industry-wide coalition known as Americans Well-informed on Automobile Retailing Economics (AWARE) provides educational tools to help consumers before, during, and after the vehicle purchasing/leasing process.
- In addition, the free brochure “Understanding Vehicle Financing,” produced by the American Financial Services Association Education Foundation (AFSAEF) and the National Automobile Dealers Association (NADA) in cooperation with the Federal Trade Commission (FTC), provides information to help consumers learn about financing a vehicle at the dealership and evaluating their personal financial situation before financing a new or used vehicle. The brochure is available in both English and Spanish.