



Auto repossessions occur when a borrower defaults on their auto loan or lease, and the lender takes back the vehicle. Here's an overview of the key aspects of auto repossessions in Maryland:

Legal Grounds for Repossession

- If you fail to make payments on your car loan, the lender has the legal right to repossess the vehicle. Repossession can happen even after one missed payment and without any prior notice.
- Failure to abide by other terms of the loan contract or financing agreement, such as not having auto insurance, are also grounds for repossession.
- The lender does not need a court order to repossess the vehicle, as long as the repossession is done peacefully and without using physical force.

Your Rights and Redemption

- The repossession must be carried out peacefully and legally. The person repossessing your vehicle cannot forcefully remove you from the vehicle or enter a locked garage without permission.
- You have the right to retrieve personal belongings from the vehicle after it has been repossessed. The lender cannot keep or sell these items.
- In most cases, the lender must retain the vehicle for 15 days to allow you the opportunity to reinstate the loan or financing agreement. To reinstate most loans or financing agreements you will need to pay overdue payments, late fees, and repossession fees. If your vehicle was previously repossessed, you will be required to pay the entire loan balance to recover the vehicle.
- You may have the right to redeem the vehicle and prevent it from being sold by paying the overdue balance plus any repossession fees to which the lender is entitled.
- If you've had more than one repossession on the same vehicle within 18 months, the lender may demand the entire balance due plus any repossession fees, prior to redemption.
- Returning your vehicle voluntarily may help you avoid some repossession fees, but it still counts as a repossession and you'll still owe the remaining loan balance plus any late charges or other fees.

AUTO REPOSSESSIONS (CONT.)

Notice and Sale of the Vehicle

- Within 5 days after repossession, the lender must typically notify you in writing that they intend to sell the vehicle, where the vehicle is located, and how much you owe.
- Maryland law requires the vehicle sale to be conducted in a “commercially reasonable manner”. This typically means the lender must attempt to get a fair market price for the vehicle.
- Lenders are typically required to send you a notice explaining what happened to your car.

Deficiency Judgment

- If the sale price of the repossessed vehicle is less than the amount you owe on the loan, the lender may file a lawsuit seeking a deficiency judgment against you. This means you could still be responsible for paying the remaining loan balance after the vehicle is sold.
- The lender must provide you with a statement of account detailing the sale and any deficiency balance.

Impact on Credit

Repossession results from a serious default on your loan. It will be on your credit report and will negatively impact your credit score, making it more difficult to obtain credit or loans in the future.

Legal Recourse

If you believe the repossession was conducted illegally for example, by using physical force or failing to follow proper notice procedures), you may have legal recourse. Consult with an attorney who specializes in consumer rights for advice specific to your situation.

Prevention

If you are struggling to make payments, it's often better to communicate with your lender as early as possible. Some lenders may offer options to help you avoid repossession such as loan modifications, refinancing, or payment extensions.

Questions & Concerns

If you believe an auto loan lender has violated Maryland law, file a complaint with our Office by visiting www.labor.maryland.gov/finance/consumers.
Call 410-230-6077 or email CSU.Complaints@maryland.gov for assistance.

