

Owe way more on your car than it's worth?
Bankruptcy might fix that.

If you owe way more on your car than it's worth, filing bankruptcy might fix that. How does that work?



When you file bankruptcy, you have the option to "redeem" your car. That means you can buy it from the lender for current fair market value.

How do you buy it if you don't have that kind of money? There are companies that provide loans for that purpose. The interest rate would be high, but because of the greatly reduced loan amount, your payments would be less.

There's additional work involved for your bankruptcy attorney - preparing and filing a Motion to Redeem, going to a court hearing, arguing about the fair market value with the lender (if required), etc. **That attorney fee is often added to the loan amount so you wouldn't have to come up with the money.**

This is definitely one on those "don't try this at home" things. **Discuss this with your bankruptcy attorney.**

Owe way more on your car than it's worth? A Chapter 7 bankruptcy might fix that.

Owe way more on your car than it's worth? A Chapter 13 bankruptcy might fix that.

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