

Mount Vernon News

Car repossessions on the rise

By [Dylan McCament](#), News Staff Reporter

Tuesday, March 18, 2008

MOUNT VERNON — The repo man is busy these days. A stagnant economy and housing market as well as lax lending standards in recent years appear to have led to an increase in automobile repossessions.

According to a recent report by the USA Today, auto repos are expected to rise 10 percent nationwide in 2008, to 1.6 million. This follows an increase of 10 percent last year.

Judy Vogelsang, office manager of Columbus Auto Recovery Services Inc., said she has seen an increase of about 25 percent compared to last year at this time. Her company provides services all over the state and has an office in Cleveland.

“Usually it’s a slow time [for auto repossessions] due to income tax checks coming in, but it has not really slowed down,” she said. “I think it’s due to banks giving loans to people they realize can’t afford them.”

Vogelsang said the downturn in the economy is also a major factor in the increase, adding that oftentimes a spouse will lose a job, which leads to the repossession.

“I have felt really bad about taking people’s cars, especially when someone is sick,” she said. “But that’s the job.”

Vogelsang said a creditor generally waits until a debtor has missed two payments; if they miss the due date for the third, they will move ahead with the repossession, although this depends on the creditors and their contract with debtors. Some will move ahead after the creditor has fallen more than a month behind.

She said that, for the most part, repossessions do not lead to conflict or confrontations. She said her employees, if possible, try to get the vehicle without any interaction with the debtor, although there have been instances where debtors have become violent.

“If they pick up the car and the alarm goes out, of course the debtor goes out. If they turn over the keys, they let them take their things from the car. We try to make it easy and we try not to be rude. We try to be courteous,” said Vogelsang.

Those with a legal right to the automobile do not have to get a court order to repossess an automobile or

any other type of property. But if the vehicle is being held in a garage, the lien holder has to get a court order to repossess it, and local law enforcement will go to the residence to repossess.

All states require that a loan must be in default and the borrower be notified within 15 days before a repossession is ordered, according to Repossession Rights, a member of the Consumer Advocate Association. Each state has its own laws regarding where, when and under what circumstances a creditor can repossess a vehicle. Lenders will often allow debtors to catch up on late payments if the lenders are kept informed on attempts to pay the debt. The group recommends that debtors do their best to deal with the problem as soon as possible.

According to Ohio law, creditors can take possession of an automobile or other loan collateral without going to the courts if they act without breaching the piece or breaking the law. Creditors can sell or dispose of the vehicle, if they act in “commercially reasonable manner.”

After the debtor defaults on the loan, and before the car is sold, the creditor must notify the debtor that it intends to sell or dispose of the car and discuss what will happen if the amount received from the sale is more or less than the amount of the debt. State law further allows a debtor to get the automobile back before the creditor disposes of it or enters into a contract for its disposition, if the debtor pays off the loan plus reasonable expenses and legal fees. The person whose vehicle has been repossessed also has a right to get back any personal belongings that were in the car.

Repossession Rights also states that a repossession will remain on a consumer’s credit report for seven years, which will make it difficult to get a loan later and can lead to high interest rates on future loans, since potential lenders view a repossession as a sign of financial irresponsibility, regardless of the circumstances.

News reporter Anton Hepler contributed to this article.

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