



REPOSSESSION OF YOUR CAR IF PROTECTED BY SERVICEMENS CIVIL RELIEF ACT



(NOTE: If you purchased your car after entering military service, please check our other Repossession Fact Sheet as well to be sure you are fully informed.)

If you are in the military and have defaulted on a car loan, the Servicemembers Civil Relief Act (SCRA) provides you with special protections against the repossession of your car. Your creditor may still be able to repossess your car, but its' right to do so is limited. If a car loan lender violates the SCRA when repossessing your car, you have certain remedies.

The Servicemembers Civil Relief Act (SCRA) prevents car loan lenders from repossessing your car without a court order while you are in military service. To qualify for SCRA's additional protections, you must have signed the loan agreement—and paid at least the deposit or first installment payment—**before** you entered military service.

If the creditor seeks a court order to repossess your car, the creditor faces further difficulty. The court may do one or more of the following:

Make the creditor return payments. The court might require the creditor to repay you all of the payments you previously made to the lender before it will allow the creditor to take the car back.

Stay the car repossession proceedings. At your request, the court must suspend the repossession proceeding, usually for at least 90 days, if you can show that your military service prevents you from making payments. This is called a stay of proceedings. Even if you don't ask, the court may decide on its own to stay the proceeding, depending on the circumstances.

Require an equity payment. The court may also order the creditor to pay you the difference between the value of the car and the balance of the debt, if applicable, before it allows the creditor to repossess the car. This is called an equity payment.

Who Is Covered Under the SCRA? - The SCRA covers the following individuals who are in military service:

- servicemembers (Army, Navy, Air Force, Marine Corps or Coast Guard)
- reservists
- active service commissioned officers of the Public Health Service or the National Oceanic and Atmospheric Administration
- National Guard members, and
- U.S. citizens serving with foreign allied forces.

Your spouse, children or other dependents may also be protected under the SCRA.

When Does the SCRA Protect Me From Automatic Repossession?

The SCRA covers you during the time you are in military service, beginning with:

- the date you received the order to report for active duty
- the date you received the order to report for military service (reservist)
- the date you receive the order of induction (selective service), or
- at any time you are legally absent from active duty, such as illness or leave.

Coverage under SCRA terminates up to 90 days after you are discharged from active duty, leave military service, or upon your death.

Exceptions to the SCRA Car Repo Restrictions

Your car loan lender does not have to get a court order if you signed a waiver. The waiver is not legal unless it is:

- in writing
- conspicuous (at least 12 point type, no fine print), and
- on a document separate from the loan agreement.

For the waiver to be legal, you must have signed it during or after your period of military service. If you signed the waiver before you entered military service, it becomes invalid when you enter military service.

Remedies for Violations of the SCRA - If a creditor repossesses, or attempts to repossess, the car in violation of the SCRA, it can be subject to criminal penalties. You may also be entitled to remedies. For instance, if a creditor obtains a judgment against you in violation of SCRA, you may be entitled to have that judgment set aside. You can also sue the creditor privately for damages and attorney fees. Make an appointment with us for more information.



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