Secured Debt Summary

Credit Advisors
800 942 9027

Secured Debt is low risk for the lender. The loan is guaranteed by some type of valuable, generally known as collateral. Failure to repay means the borrower forfeits the collateral to the lender. The lender may either repossess and/or sell the collateral to recoup the loaned amount and costs. Examples of collateral include: real estate, automobiles, certificate of deposit, jewelry, or items purchased with the loan proceeds (PMSI).

How do I know if something is secured?

This questions is answered with another easy question; is the loan for a tangible item? If it is, then chances are the debt is secured.

Some common examples of secured debt are:
- Car Loans
- Home Mortgages
- Second Mortgages
- Jewelry loans
- Computers
- Furniture
- Appliances

What if I can't pay?

- *Don't panic*
- *Don't ignore the problem*
- Prioritize your spending
    - BUDGET, BUDGET, BUDGET
    - Call Credit Advisors (800) 942-9027 if you need help creating your budget
- Open all your mail
- Review your contract
- Call the creditor
    - Honestly, they don't want the collateral back anymore then you want to lose it
    - They might be willing to work out a plan
    - It's much easier to work out a plan before the item is repossessed
- Review your rights
    - For a home mortgage check out the United States Government's Housing and Urban Development (HUD) homepage
    - www.hud.gov

What happens if my items are repossessed?

* This information is for educational purposes only; please seek legal advice
- Usually repossessed items are sold by the original lender to recover their lost profits
    - You may still be responsible for any part of the loan that is not covered by proceeds from the sale
    - In some cases, you may be able to "redeem" it
        - This may mean paying as much as the entire loan or as little as the outstanding amount
    - Every state has different repossession laws, so make sure you consult with a legal expert
- Please seek legal counsel if you find yourself facing repossession, or call Credit Advisors at (800) 942 - 9027 and we will refer you to someone who can help you if we cannot

www.creditadvisors.org