

PURCHASING A VEHICLE PRIOR TO FILING A BANKRUPTCY CASE

WHAT! BUY A CAR?? TAKE ON A CAR PAYMENT? But I'm preparing to file a bankruptcy case. I've been responsible and paid off my car. I love my car!

Believe it or not, there are times when purchasing a car prior to filing a bankruptcy case makes perfect sense. These include the following: **(Check with your attorney first!)**

1. If you are unsure whether you will pass the Means Test (the test that determines whether you can file a Chapter 7 case or have to file a Chapter 13 payment plan), having a car loan when you didn't have one before will greatly improve your ability to pass the Means Test! Yes, you heard me right. Sadly, the people in Congress who passed the ridiculous "Means Test" gave people credit in the means test for having a car payment, but completely deny that credit if you have no car payment. Having a car loan (or two) may make you eligible for Chapter 7 when you weren't before. Even if you end up filing a Chapter 13 payment plan, the auto loan will lower your required plan payments.
2. If you are planning on filing a **Chapter 13** payment plan and your cars are old and falling apart, it might make sense to replace these cars before you file your case. First, it may help with the Means Test (see Paragraph 1, above) and may help to lower your required plan payment amount. Second, you'll be in a bankruptcy case for 36 to 60 months and you want a vehicle that will last you at least this long. Chances are that your credit will not be any better until your case (and payment plan) is completed. So, if you buy a car now, the interest will likely be no worse than if you buy the car after your case is filed.
3. The Means Test gives you a \$517 credit for each auto loan (up to one per person filing) on the test regardless of what your actual auto payment is. Thus, as long as you have a payment less than \$517, the loan is actually beneficial. **THE TAKE AWAY ...** you are greatly benefitted if you can find a \$250 car payment, but you'll actually lose a bit if your payment is over \$517.
4. If you will still be filing a Chapter 13 case and using the auto loan to lower your payments, it is normally best if the auto loan has a term of 60 month or more.

THESE ARE SOME DEALERS THAT UNDERSTAND BANKRUPTCY AND BAD CREDIT AND CAN HELP GET YOU A CAR LOAN WHEN NO ONE ELSE CAN. There are other dealerships who may be able to help as well, but these dealerships have finance people who are experts in your situation:

TYNAN'S NISSAN
(Aurora area)
Contact: Shean Kirin
780 S. Havana, Aurora
Tele: 303-341-3262
E-mail: shean.kirin@tynans.com

LARRY MILLER DEALERSHIPS
(Lakewood & Golden area)
Contact: Daniel Fortin

Tele (Direct Cell): 404-483-4332