

# PATHWAYS

GREENPATH NEWSLETTER

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## Behind on Auto Payments? You're Not Alone. Here's How to Handle It

If you feel like you've been struggling to keep up with car payments, you're not alone: According to a recent report from the Federal Reserve Bank of New York, over 7 million Americans are at least 90 days behind on their auto loans.

Here are three tips on how to avoid late auto loan payments and prevent repossession.

### 1. Take a deep breath and know everything will be okay. Make a commitment to focus on what matters most.

Your situation may feel desperate, but don't panic! Take a deep breath, relax, and commit yourself to stay focused on your needs and goals.

Continuing to make payments on your debt is key to avoiding repossession. If you already have a spending plan, stick with it as much as you can, and make any necessary adjustments so that you can still meet your needs.

### 2. Get a full picture of your current expenses and develop a spending plan.

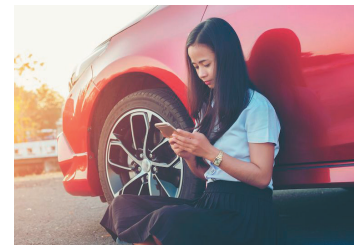
Now is an important time to get an understanding of your full financial picture so you that you can make any necessary adjustments to get back on track. A budgeting worksheet, such as the one found in the Resources section of [greenpathref.com](http://greenpathref.com), is a great tool for tracking your income and identifying expenses to cut back on so that you can catch up on your loan payments.

### 3. Investigate your options. Addressing your needs proactively can help you get back on track sooner.

It's very likely that if you are behind on your auto loan payment, your lender will be actively reaching out to you. Fight the urge to avoid their calls and try to have an active dialogue with them. Most lenders don't want to repossess your vehicle, and many are willing to work with you to create a flexible plan for your needs.

However, auto repossession proceedings can sometimes begin as soon as a single missed payment takes place. The sooner you can discuss your situation with your lenders, the better. Here are some options that your lender may be willing to offer you:

- Loan Forbearance/deferment - a "pause period" that allows you to take a break from making one or sometimes several payments on your loan.
- Repayment Plan - if you are behind on your loan, this option allows you to pay the late amount as a smaller addition to your regular payment, spread out over several months.
- Change of Due Date - a change in when your payment is due so that your car payment isn't due at the same time as other big payments like student loans, mortgage or rent.
- Voluntary Repossession - if you believe that you truly can't afford your vehicle, working with the lender on a voluntary repossession may allow for some reduction or forgiveness of some fees and costs associated with the repossession.



Each of these options has pros and cons to consider, including how interest is treated, how much you will owe, and potential impact on your credit score.

Additionally, even if your auto loan lender won't work with you, you may find other lenders or creditors that can offer support. For example, student loan lenders will often allow forbearance or temporary payment reductions in times of hardship. This option may allow you to use those funds to catch up on your late auto loan payments or higher-priority expenses.

### You are not alone. Call GreenPath for unbiased, caring support.

We are here to help you understand your financial situation, pay off your debt and save money. Even if your car has already been repossessed, we can help you understand the process and provide you with additional options. Call 877-337-3399 or visit [greenpathref.com](http://greenpathref.com).

As a member of Zeal Credit Union, you can take advantage of GreenPath, a financial education and counseling program. To use this service, simply call 1-877-337-3399 or visit them on the web at [www.greenpathref.com](http://www.greenpathref.com).



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