



LEGAL BRIEF

VEHICLE REPOSSESSION

April 2026

PREPARED BY:
CREECH LEGAL OFFICE
Bldg 271, Perimeter Rd, Creech AFB, Nevada
Phone: 702-404-0881

I. Introduction to Vehicle Repossession

A vehicle purchase contract is among the most basic and common contracts in the United States. When the buyer has to borrow money to pay for the car, certain universal contract terms will govern the transaction. The most basic principle is that the entity which provides the financing (the "Creditor") will take what is known as a secured interest in the vehicle that the purchaser (the "Debtor") is buying. A secured interest is a legal status where the Creditor has the right to repossess the goods (the vehicle) secured under the contract if the Debtor fails to abide by the terms of the contract. In other words, if payments are not made in full and on time, the Creditor has the contractual right to repossess the vehicle from the Debtor. Until the Debtor completely pays off the vehicle, the security interest remains in force.

II. Repossession After Breach of Contract

A Creditor may repossess a vehicle if the Debtor is in default on payments. It is important to note that, generally, a Creditor does not need to provide advance notice before repossessing a vehicle. However, for vehicle purchase contracts from a Nevada dealer dated on or after October 1, 2012, the contract must specify that a default only occurs once a payment is more than 30 days late.

There are specific ways, under Nevada law, which repossession must be done. The first manner may be spelled out in the contract itself, which might contain a clause requiring the Debtor to deliver the vehicle back to the Creditor upon breach.

If there is no contractual method for returning the vehicle, a Creditor may retake possession through "self-help" repossession. This means the Creditor locates the vehicle and retakes it. However, Nevada law requires that if a Creditor uses self-help, it must be done without causing a "breach of the peace." A breach of the peace is a broad term that can range from causing loud noise to engaging in a confrontation. Essentially, if the Debtor personally and physically objects to a repossession as it is occurring, the Creditor likely cannot proceed with self-help at that moment. To avoid a breach of the peace, Creditors often repossess vehicles at times when the Debtor is unlikely to notice, such as late at night or while the Debtor is at work.

Furthermore, Nevada law provides specific protections for government employees. A Creditor is prohibited from repossessing a vehicle owned by a federal, tribal, or state employee (or a member of their household) during a government shutdown and for 30 days after it ends.

THE INFORMATION CONTAINED IN THIS PAMPHLET IS OF A GENERAL NATURE AND IS PROVIDED FOR YOUR ASSISTANCE AND CONVENIENCE. IT IS NOT INTENDED AS LEGAL ADVICE AND IS NOT A SUBSTITUTE FOR LEGAL COUNSEL. IF YOU HAVE ANY QUESTIONS AS TO HOW THE LAW IN THIS AREA AFFECTS YOU OR YOUR LEGAL RIGHTS, CONTACT A CIVILIAN ATTORNEY OR THE CREECH AIR FORCE BASE LEGAL OFFICE FOR AN APPOINTMENT WITH A LICENSED ATTORNEY.



III. Creditor Action After Repossession

Once a vehicle has been repossessed, the Creditor may take action to dispose of the vehicle by reselling to another party to cover the unpaid portions of the original contract price. However, the Creditor must make any personal belongings that were in the vehicle reasonably available for the Debtor to retrieve. After securing the vehicle, the Creditor may take action to dispose of it by reselling it to another party to cover the unpaid portions of the original contract. But before a Creditor may do this, **they must inform the Debtor**, either by personal delivery or by mail. This notice must be sent at least 10 days before any sale and must set forth the following:

- The Debtor's right to redeem, and a statement of the payment required to bring the contract back up to date
- Creditor's intent to sell or lease the vehicle to a third party 10 days after notice is given
- Set out the place the vehicle may be returned to the Debtor if redemption is made
- Designate the name and address of the person to whom payment must be made to redeem

The "right to redeem" means the Debtor has the opportunity to pay the amount owed (which could be the past-due amount or the full remaining loan balance, depending on the contract) to get the vehicle back.

If, at the conclusion of the 10-day notice period, the Debtor has not redeemed the vehicle, the Creditor may resell it to a third party. Any resale must be done in a commercially reasonable manner. This means the Creditor must sell the vehicle in a way that is reasonably designed to get a fair market value. The fact that a sale did not result in the highest possible price does not automatically mean it was unreasonable.

The fact that a sale did not result in a maximum value for a vehicle or that adjustments in the nature of a transaction could have netted a greater sale price do not indicate that a sale was not commercially reasonable. If the vehicle is sold in the usual commercial manner that vehicles are sold, the sale is considered to be commercially reasonable under the law.

Be aware that even after a vehicle is repossessed and sold, a Debtor may still be liable for any amount due on the contract that is not recovered by the resale.

As an example, if a Debtor agrees to borrow \$35,000 for a vehicle, and the vehicle is repossessed when the total amount the Debtor owes is still \$30,000, the Debtor is liable for the complete amount still due. Therefore, if the vehicle only sells for \$22,000 at resale, the Debtor will still owe \$8,000 to his Creditor, even after the car has been resold.

In short, do not purchase a vehicle which you cannot realistically afford.

THE INFORMATION CONTAINED IN THIS PAMPHLET IS OF A GENERAL NATURE AND IS PROVIDED FOR YOUR ASSISTANCE AND CONVENIENCE. IT IS NOT INTENDED AS LEGAL ADVICE AND IS NOT A SUBSTITUTE FOR LEGAL COUNSEL. IF YOU HAVE ANY QUESTIONS AS TO HOW THE LAW IN THIS AREA AFFECTS YOU OR YOUR LEGAL RIGHTS, CONTACT A CIVILIAN ATTORNEY OR THE CREECH AIR FORCE BASE LEGAL OFFICE FOR AN APPOINTMENT WITH A LICENSED ATTORNEY.