



Substitution of Collateral Instructions

YOU HAVE TOTALED YOUR CAR-WHAT CAN YOU DO

If you want to **replace** the car AND it is financed and being paid through your Chapter 13, we can file a **MOTION TO SUBSTITUTE COLLATERAL**.

PROCEDURE:

1. **YOU MUST PROVIDE US** the following in order to begin the process:

A letter from the insurance company which contains the following:

1. Name of the insurance company
2. Claim number
3. Address of company
4. **Amount** the insurance company will pay on the claim for the damaged vehicle

2. When the court order comes in allowing the substitute vehicle, we will request the check from the insurance company. It will come in the attorney's name.

3. When we receive the check, we will notify you and you will find an appropriate vehicle to substitute as follows:

- * YOU MUST FIND A VEHICLE OF EQUAL OR HIGHER VALUE TO THE ONE THAT YOU WRECKED.
- * YOU MUST SPEND **ALL OF THE PROCEEDS** ON THE SUBSTITUTE VEHICLE.
- * YOU **MAY NOT USE ANY OF THE PROCEEDS** FOR OTHER PURPOSES (THE MONEY BELONGS TO THE FINANCE COMPANY FOR THE WRECKED VEHICLE).
- * YOU **MAY NOT FINANCE ANY PART** OF THE SUBSTITUTE VEHICLE.
- * THE SUBSTITUTE VEHICLE MAY HAVE TO BE APPROVED BY THE FINANCE COMPANY (the company that financed the wrecked vehicle).
- * WHEN ALL OF THIS IS DONE, WE WILL PROVIDE THE PROCEEDS DIRECTLY TO THE SELLER OF THE SUBSTITUTE VEHICLE.
- * THE PROCEEDS OF THE INSURANCE WILL NEVER BE IN YOUR CONTROL!

4. The substitute vehicle will replace the wrecked vehicle on the loan. The loan you had at the time you filed Chapter 13 will continue to be paid as confirmed in the plan. The only difference is the vehicle used as collateral will change. There will be no changes in the plan or payment to the trustee.

THIS PROCESS **TAKES FROM 45-90 DAYS** FROM THE TIME
YOU PROVIDE US WITH THE INFORMATION

FREQUENTLY ASKED QUESTIONS:

- Q. What is a substitute vehicle?
A. The vehicle you get to replace the wrecked one.
- Q. Can I use some of the money for something else?
A. NO.
- Q. Why can't I use the money, it is my insurance?
A. You named a loss payee on the policy which is the company you owe on the wrecked vehicle. The money belongs to them.
- Q. How long does this take?
A. 45 to 90 days from the time you provide us with the information.
- Q. Can I use the insurance proceeds (money from insurance company) as a down payment on a new car or house or make payments to the trustee?
A. NO, but you can use the money to pay off the loan and NOT get another vehicle.
- Q. Will the payment to the trustee change?
A. NO.
- Q. Does the lien holder change (that is the company who financed the wrecked vehicle)?
A. NO, nothing changes with the loan or the plan except the description of the new vehicle.

821 Third Avenue, Columbus, Georgia 31901
Phone: (706) 322-8557 Fax: (706) 322-2124
Email: BraceLaw@aol.com

