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Make Me Smile Moments

by: Judge Catherine Peek McEwen

The pro se debtors in these cases truly “got it” both figuratively and literally when educated by the Court or their credit counseling agency on their several alternatives to a burdensome reaffirmation agreement:

Debtor 1 had a 2021 Volkswagen Jetta worth about $16,000. She owed about $23,000 on the car loan secured by it, payable with interest at 22 percent. She chose to investigate the new car buying services offered by brokers specializing in customers going through bankruptcy. She rescinded the reaffirmation agreement and bought a 2024 Equinox for less than what she owed on her 2021 car and with a four-point lower interest rate on the new car loan. So a win-win-win: newer car, lower loan balance, lower interest rate. She credited FreshStart HeadStart for pointing her to “Teddy” at Wesley Chapel Kia.

Debtor 2, like Debtor 1, chose to explore the new car alternative. She had a 2025 Nissan Versa worth about $20,000 according to the lender who held a lien against it to secure a loan balance of $33,000. So, the debtor was upside down by $13,000. After hearing about the new car buying services and working with FreshStart HeadStart, she found the *exact same* car—only grey instead of light purple—with lower mileage for a purchase price $16,000. Her interest rate was only moderately higher by 4.5 percent, but the buying service representative said she would help the debtor refinance after six months. The debtor went from facing a $33,000 commitment to $16,000, meaning a $17,000 swing in her favor (and arguably got a better colored car in the process).

Debtor 3 exercised the redemption option, settling a $13,500 loan balance for $6,500 on a 2016 Ford Expedition. She learned about redemption from her credit counseling session and “googling” for more information about the process. (I take back everything I’ve said since 2005 about how credit counseling is a waste of time. If it saved this lady $7,000, that’s good enough for me.)