Orlando Attorney Warns Florida Auto Dealers That Floor Plan Financing Carries Personal Guarantee Risk

Attorney Juan C. Burgos says dealership owners can remain personally liable for floor plan debt even after their business closes.

Attorney Juan Burgos

ORLANDO, FL, UNITED STATES, July 14, 2026 /EINPresswire.com/ -- Small and independent auto dealers rely on floor plan financing, a revolving credit line that allows a dealership to stock its lot without paying cash for every vehicle up front. That financing is typically backed by a personal guarantee, meaning the debt is tied to the dealership's owner as an individual, not only to the business itself.

Nationally, 90-day auto loan delinquencies reached 5.60% in the first quarter of 2026, the highest rate since 2020, according to Federal Reserve Bank of New York data. The buy-here-pay-here sector, which depends heavily on floor plan credit, has seen major operators fail over the past year, and banks that extend floor plan credit have become more selective about which dealers they continue to fund.

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> *Juan C. Burgos, Esq., founder of Juan Burgos Law*

Attorney Juan C. Burgos, founder of Juan Burgos Law and a Florida Bar-licensed bankruptcy attorney (Florida Bar No. 84056) based in Orlando, said the personal guarantee attached to floor plan financing often surprises dealership owners after a business closes.

"I've had dealers sit across from me and say, 'But I closed the business, why am I still getting calls?'" Burgos said. "Closing the LLC doesn't close the guarantee. If you signed your name on that floor-plan line, the lender can still come after you personally, and that surprises people every single time."

Burgos said bankruptcy law offers more than one option depending on a dealer's circumstances. A dealer who has stopped operating can often eliminate guaranteed floor plan debt through Chapter 7. A dealer who wants to continue operating may qualify for Subchapter V, a streamlined version of Chapter 11 designed for small businesses, which allows a dealership to restructure without a creditors' committee. Larger dealership operations, or owners whose personal exposure exceeds Chapter 13's limits, may use traditional Chapter 11.

Burgos noted that a substantial share of Central Florida's dealership owners are Hispanic, and that Florida has the highest share of Hispanic-owned small businesses of any state in the country. Burgos, who was born in Venezuela, represents clients directly in English, Spanish, and Portuguese.

"Nobody should be putting off a decision this big because they're worried about explaining their finances in their second language," Burgos said. "I built this practice so people can walk in, talk to me directly — no interpreter, no runaround — and actually understand what I'm telling them."

Juan Burgos Law represents individuals and small businesses in Chapter 7, Chapter 11, Chapter 13, and Subchapter V bankruptcy in the U.S. Bankruptcy Court for the Middle District of Florida. More information for auto dealers specifically is available at juanburgoslaw.com/small-business-bankruptcy/auto-dealers. Consultations can be scheduled at juanburgoslaw.com/contact or by calling (407) 505-4190.

About Juan Burgos Law
Juan Burgos Law is a bankruptcy and personal injury law firm based in Orlando, Florida, led by attorney Juan C. Burgos (Florida Bar No. 84056). The firm represents individuals and small businesses throughout Central Florida in Chapter 7, Chapter 11, Chapter 13, and Subchapter V bankruptcy proceedings in the U.S. Bankruptcy Court for the Middle District of Florida, with services available in English, Spanish, and Portuguese.

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