



# BANKRUPTCY

*Essential For the American Dream:  
An Overview*

By: Russell B.  
Weekes, Esq.

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Russell B. Weekes  
Visit my website at [www.Weekes-Law.com](http://www.Weekes-Law.com)

Printed in the United States of America

First Printing: Nov 2017  
Weekes Law, LLC

ISBN-13 000-0-0000000-1-2

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*Today, certain people file for bankruptcy, businesses and individuals, and it no longer has the stigma it once had. Now it's almost considered wise, a way to regroup and come back again.*

—DAVID DINKINS



# INTRODUCTION

## Bankruptcy: A Necessary Constitutional Principle

*“Bankruptcy represents a longstanding commitment in this country to helping people get a fresh start. This principle has never been giving only certain people a fresh start.”*

—Tim Johson, *Lifhack Quotes*

**B**ANKRUPTCY IS A CONSTITUTIONAL PRINCIPLE. The United States constitution has only 4,400 words. It is the oldest and shortest written Constitution of any major government in the world. Article 1, Section 8 of the constitution grants Congress the power to “establish...uniform Laws on the subject of Bankruptcies throughout the United States.” The Preamble of the Constitution explains that the purpose of the Constitution is to “form a more perfect union, establish Justice, insure domestic Tranquility, provide for the common defence [sic], promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity...” Considering the paramount import and brevity of the Constitution, it begs the important question: Why did the framers consider bankruptcy a fundamental principle of our union?

The framers of our Constitution spent considerable time analyzing, debating, and comparing various forms of governments and laws from virtually every angle. Obviously the framers considered the method of dealing with debts so important that it addressed the general method (bankruptcy) in our foundational document. Consider, in contrast that virtually every other aspect relating to the relationship of private citizens was left silent. Why was it so important? What exactly does

bankruptcy have to do with a more perfect union, justice, domestic tranquility, common defense, general welfare, or the blessings of liberty?

Historically there are several alternatives from which the framers could draw. In ancient Greece and Rome debt bondage or bonded labor was historically the normal method of dealing with debtor's inability to repay debts. In such a structure the person who was unable to repay their debts would, either voluntarily or involuntarily, pledge their labor or services as repayment of their debt. This often led to the debtor and the debtor's family to become essentially temporary slaves to the creditor until the debt was repaid. The duration could be quite extensive depending on the amount of debt.

Western Europe preferred debtor's prison to deal with people who could not repay their debts. This method is rather commonsensical: the debtor would go to jail or prison for a period of time until the debt was considered repaid. This debt method was prevalent through the mid nineteenth century in Western Europe. It still persists in countries such as United Arab Emirates, Hong Kong and Greece. See [http://en.wikipedia.org/wiki/Debtors%27\\_prison](http://en.wikipedia.org/wiki/Debtors%27_prison).

Great Britain, from which the majority of the framers came, preferred debtor's prisons. With the exception of Louisiana, every other state's common law is based on the English model. It is very curious, then, that the framers did not simply adopt the English method of dealing with debtors. This further illustrates the importance the framers placed on dealing with debtors.

The framers' method of debt forgiveness is based on biblical methods of dealing with debts. The Old Testament book of Leviticus required complete debt forgiveness every fifty years. See Leviticus 25:10. More importantly, bankruptcy is the only option that is consistent with the kind of "blessings of liberty" sought by the framers.

The blessings of liberty is the American Dream. The ideal that liberty includes the opportunity for prosperity and success, with upward mobility attainable through personal hard work and risk-taking. Debtor prison and debt bondage both discourage risk-taking and suppress upward mobility. They also contribute to the so-called invisible ceiling that ensures that the lower class does not or cannot increase their social status. In this light, bankruptcy is as essential to the American Dream as private property ownership. Without bankruptcy, very few would have the wherewithal to venture entrepreneurship.

The import of bankruptcy to the American Dream encapsulated in the "blessings of liberty" explains why bankruptcy is so fundamental as to be included in the mere 4,400 words comprising our Constitution.



Bankruptcy is a legal proceeding that can have substantial impact of the filer's assets, credit worthiness, and other aspects of the filer's life. The decision to file bankruptcy, therefore, should only be made after careful consultation with an experienced bankruptcy attorney who provides valuable counsel that bankruptcy is the best way to deal with your financial problems. This book provides an overview to bankruptcy and answers to commonly-asked general questions, but it simply cannot explain every aspect of the bankruptcy process. If you still have questions after reading it, you should consult with an experienced bankruptcy attorney.

There have been reports that suggest that changes to the bankruptcy law passed by Congress in 2005 prevent many individuals from filing bankruptcy. While it is true that these changes have made the process more complicated, the basic right to file bankruptcy and most of the benefits of bankruptcy remain the same for most individuals.

# CHAPTER 1

## Bankruptcy Basics

*I had no idea bankruptcy could be so exciting.*  
—Pamela Jones

**B**ankruptcy is a legal proceeding in which a person who cannot pay his or her bills can get a fresh financial start. The right to file for bankruptcy is provided by the United States Constitution and federal law, and all bankruptcy cases are handled in federal court. Filing bankruptcy immediately stops all of your creditors from seeking to collect debts from you, at least until your debts are sorted out according to the law. The legal mechanism that stops creditors from collecting debts upon filing of a bankruptcy petition is called the “automatic stay”.

Bankruptcy may make it possible for you to:

- Eliminate the legal obligation to pay most or all of your debts. This is called a “discharge” of debts. It is designed to give you a fresh financial start.
- Stop foreclosure on your house or mobile home and allow you an opportunity to catch up on missed payments. (Bankruptcy does not, however, automatically eliminate mortgages and other liens on your property without payment.)
- Prevent repossession of a car or other property, or may even force the creditor to return property even after it has been repossessed.
- Stop wage garnishment, debt collection harassment, and other similar creditor actions to collect debts.
- Restore or prevent the termination of utility service.
- Allow you to challenge the claims of creditors who have committed fraud or who are otherwise trying to collect more than you really owe.

Bankruptcy cannot, however, cure every financial problem. Nor is it the right decision for every individual. In bankruptcy, it is usually *NOT* possible to:

- Eliminate certain rights of “secured” creditors. A creditor is “secured” if it has taken a lien (e.g., a mortgage) on property as collateral for a loan. Common examples include car loans and home mortgages. You *can* force secured creditors to take payments over time in the bankruptcy process and bankruptcy *can* eliminate your obligation to pay any additional money on the debt if you decide to give back the property. But you generally cannot keep secured property unless you continue to pay the debt.
- Discharge types of debts singled out by the bankruptcy law for special treatment, such as child support, alimony, most student loans, court restitution orders, criminal fines, and most taxes.
- Protect cosigners on your debts. When a relative or friend has co-signed a loan, and the consumer discharges the loan in bankruptcy, the cosigner may still have to repay all or part of the loan.
- Discharge debts that arise after bankruptcy has been filed.

## WHAT DIFFERENT TYPES OF BANKRUPTCY SHOULD I CONSIDER?

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There are four types of bankruptcy cases provided under the law:

*Chapter 7* is known as “straight” bankruptcy or “liquidation.” It requires an individual to give up property which is not “exempt” under the law, so the property can be sold to pay creditors. Generally, those who file chapter 7 keep all of their property except property which is very valuable or which is subject to a lien which they cannot avoid or afford to pay.

*Chapter 11*, known as “reorganization,” is used by businesses and a few individuals whose debts are very large.

*Chapter 12* is reserved for family farmers and fishermen.

*Chapter 13* is a type of “reorganization” used by individuals to pay all or a portion of their debts over a period of years using their current income. Most people filing bankruptcy will want to file under either chapter 7 or chapter 13. Either type of case may be filed individually or by a married couple filing jointly.

## WHAT ARE THE COURT'S COSTS TO FILE FOR BANKRUPTCY?

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At the time of publication it costs \$335 to file for bankruptcy under chapter 7 and \$310 to file for bankruptcy under chapter 13, whether for one person or a married couple. The court may allow you to pay this filing fee in installments if you cannot pay it all at once. If you hire an attorney, you will also have to pay the attorney fees you agree to. If you are unable to pay the filing fee in installments in a chapter 7 case, and your household income is less than 150 percent of the official poverty guidelines, you may request that the court waive the chapter 7 filing fee, but this option is severely limited in some jurisdictions. The filing fee cannot be waived in a chapter 13 case, but it can be paid in installments.

## WHAT MUST I DO BEFORE FILING BANKRUPTCY?

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You must receive budget and credit counseling from an approved credit counseling agency within 180 days **before** your bankruptcy case is filed. The agency will review possible options available to you in credit counseling and assist you in reviewing your budget. Different agencies provide the counseling in-person, by telephone, or over the Internet. If you decide to file bankruptcy, you must have a certificate from the agency showing that you received the counseling before your bankruptcy case was filed. Most approved agencies charge between \$15 and \$50 for the pre-filing counseling course. However, the law requires approved agencies to provide bankruptcy counseling and the necessary certificates without considering an individual's ability to pay. If you cannot afford the fee, you should ask the agency to provide the counseling free of charge or at a reduced fee.

If you decide to go ahead with bankruptcy, you should be very careful in choosing an agency for the required counseling. It is extremely difficult to sort out the good counseling agencies from the bad ones. Many agencies are legitimate, but many are simply rip-offs. And being an "approved" agency for bankruptcy counseling is no guarantee that the agency is good. It is also important to understand that even good agencies won't be able to help you much if you're already too deep in financial trouble.

Some of the approved agencies offer debt management plans (also called DMPs). A DMP is a plan to repay some or all of your debts in which you send the counseling agency a monthly payment that it then distributes to your creditors.

Debt management plans can be helpful for some consumers. For others, they are a terrible idea. The problem is that many counseling agencies will pressure you into a debt management plan as a way of avoiding bankruptcy whether it makes sense for you or not. You should not consider a debt management plan if making the monthly plan payment will mean you will not have money to pay your rent, mortgage, utilities, food, prescriptions, and other necessities. It is important to keep in mind these important points:

- Bankruptcy is not necessarily to be avoided at all costs. In many cases, bankruptcy may actually be the best choice for you.
- If you sign up for a debt management plan that you can't afford, you may end up in bankruptcy anyway (and a copy of the plan must also be filed in your bankruptcy case).
- There are approved agencies for bankruptcy counseling that do not offer debt management plans. It is usually a good idea for you to meet with an attorney before you receive the required credit counseling. Unlike a credit counselor, who cannot give legal advice, an attorney can provide counseling on whether bankruptcy is the best option. If bankruptcy is not the right answer for you, a good attorney will offer a range of other suggestions. The attorney can also provide you with a list of approved credit counseling agencies, or you can check the website for the United States Trustee Program office at [www.usdoj.gov/ust](http://www.usdoj.gov/ust).

## WILL I HAVE TO GO TO COURT?

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In most bankruptcy cases, you only have to go to a proceeding called the “meeting of creditors” or section 341 meeting to meet with the bankruptcy trustee and any creditor who chooses to attend. Most of the time, this meeting will be a short and simple procedure where you are asked a few questions about your bankruptcy forms and your financial situation. Occasionally, if complications arise, or if you choose to dispute a debt, you may have to appear at a hearing. In a chapter 13 case, you may also have to appear at a hearing when the judge decides whether your plan

should be approved. If you need to go to court, you will receive notice of the court date and time from the court and/or from your attorney.

## WHAT ELSE MUST I DO TO COMPLETE MY CASE?

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After your case is filed, you must complete an approved course in personal finances. This course will take approximately two hours to complete. Many of the course providers give you a choice to take the course in-person at a designated location, over the Internet (usually by watching a video), or over the telephone. We can give you a list of organizations that provide approved courses, or you can check the website for the United States Trustee Program office at [www.usdoj.gov/ust](http://www.usdoj.gov/ust). If you cannot afford the fee, you should ask the agency to provide the course free of charge or at a reduced fee. In a chapter 7 case, you should sign up for the course soon after your case is filed. If you file a chapter 13 case, you should ask your attorney when you should take the course.

## WILL BANKRUPTCY AFFECT MY CREDIT?

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The general answer is yes, but this can be misleading because in some cases it can actually help your credit score. If you are behind on your bills, your credit may already be bad. Bankruptcy will probably not make things any worse. The fact that you've filed a bankruptcy can appear on your credit record for ten years from the date your case was filed. But because bankruptcy wipes out your old debts, you are likely to be in a better position to pay your current bills, and you may be able to obtain new credit and improve your credit score much faster than if you don't file bankruptcy.

Many debtors are surprised to learn that after filing bankruptcy that they often receive numerous solicitations for credit cards and other loans.

If you decide to file bankruptcy, remember that debts discharged in your bankruptcy should be listed on your credit report as having a zero balance, meaning you do not own anything on the debt. Debts incorrectly reported as having a balance

owed will negatively affect your credit score and make it more difficult or costly to get credit. You should check your credit report after your bankruptcy discharge and file a dispute with credit reporting agencies if this information is not correct.

## WILL BANKRUPTCY WIPE OUT ALL MY DEBTS?

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Yes, with some exceptions. Bankruptcy will not normally wipe out:

- Money owed for child support or alimony;
- Most fines and penalties owed to government agencies;
- Most taxes and debts incurred to pay taxes which cannot be discharged;
- Student loans, unless you can prove to the court that repaying them will be an “undue hardship”;
- Debts not listed on your bankruptcy petition;
- Loans you got by knowingly giving false information to a creditor, who reasonably relied on it in making you the loan;
- Debts resulting from “willful and malicious” harm;
- Debts incurred by driving while intoxicated;
- Mortgages and other liens which are not paid in the bankruptcy case (but bankruptcy will wipe out your obligation to pay any additional money if the property is sold by the creditor).

# CHAPTER 2

## Chapter 7 “Liquidation”

*At the darkest moment, while drowning in the Abyss of Emotional Bankruptcy, reflect on this universal truth: the difference between success and failure is one more time.*  
—Ken Poirot

**T**In a chapter 7 bankruptcy case, you file a petition asking the court to discharge your debts. The basic idea in a chapter 7 bankruptcy is to wipe out or discharge your debts in exchange for your giving up “nonexempt” property, which the law allows you to keep.

In most chapter 7 cases, all of the debtor’s property is exempt—with the exception of a portion of the following year’s tax refund. Any nonexempt property may be liquidated by the bankruptcy trustee and the money distributed to creditors.

If you want to keep property like a home or a car and are behind on the mortgage or car loan payments, a chapter 7 case probably will not be the right choice for you. That is because chapter 7 bankruptcy does not eliminate the right of mortgage holders or car loan creditors to take your property to cover your debt.

## WHO QUALIFIES FOR CHAPTER 7

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Businesses, individuals with primarily business debt, and individuals with primarily consumer debt may all qualify to file under chapter 7 bankruptcy.



Individuals with primarily consumer debt must also meet the qualifications under the means test.

Higher-income consumers must complete the “means test” forms, which details your income and expenses to determine if you qualify to file a chapter 7 bankruptcy. The median family income for a family of four in Utah in 2017 is approximately \$78,717—your state’s figures may be higher or lower.

Debtors that do not qualify for chapter 7 after completing the means, may still be able to overcome the presumption of abuse if their income has recently decreased, for example, but the filer must overcome the assumption of abuse in order to qualify for chapter 7. The bankruptcy court may determine that the debtors cannot file a chapter 7 case, unless there are special extenuating circumstances.

If the debtor does not qualify under the means test and no viable basis to overcome the presumption of abuse exists, then the debtor will be ineligible for chapter 7 and chapter 13 will likely be the appropriate chapter of bankruptcy.

## WHAT PROPERTY CAN I KEEP?

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In a chapter 7 case, you can keep all property which “exempt” under the law. It is important to review the exemptions that are available in the debtor’s jurisdiction to determine the applicable exemptions and the impact on the debtor’s property.

If you moved to your current state from a different state within two years before your bankruptcy filing, you may be required to use the exemptions from the state where you lived just before the two-year period or the federal exemptions.

In some states, the debtor may choose between using either the state exemption (or exemptions) or using the federal bankruptcy exemptions. Other states, like Utah, requires the debtor to use the State’s exemptions. It is critical to consult with an experienced bankruptcy attorneys before filing bankruptcy to determine how your property may be affected by filing for bankruptcy.

# CHAPTER 3

## Chapter 13 Individual/Family Reorganization

*The people who are filing for bankruptcy in increasing numbers every year, it's not the poorest. It's not the people at the economic fringes. It's people who worked hard and played by the rules.*

—Elizabeth Warren

**C**HAPTER 13 IS A FAMILY REORGANIZATION AND DEBT CONSOLIDATION. In a chapter 13 case the debtor files a “plan” showing how the debtor will pay off some of the past-due and current debts over a three to five year time period.

The chapter 13 plan must meet some basic requirement: (1) the debtor must contribute all of her “disposable income” over the plan period to help repay the debts; and (2) creditors must receive at least the amount they would have received if the debtor had filed under chapter 13.

The disposable income requirement simply means that the debtor will submit a household budget for living expenses such as mortgage, food, utilities, clothing, personal care, healthcare, travel, entertainment, and other household expenses. After deducting these expenses from the debtor’s net monthly income, the remainder—and there must be a remainder—will be the monthly plan payment amount.

Most importantly in a chapter 13 case is that it will allow you to keep valuable property— especially your home and car—which might otherwise be lost under a chapter 7.

Chapter 13 also, if you can make the payments which the bankruptcy law requires to be made to your creditors. In most cases, these payments will be at least as much

as your regular monthly payments on your mortgage or car loan, with some extra payment to get caught up on the amount you have fallen behind.

You should consider filing a chapter 13 plan if you:

- Own your home and are in danger of losing it because of money problems;
- Are behind on debt payments, but can catch up if given some time;
- Have valuable property which is not exempt, but you can afford to pay creditors from your income over time. You will need to have enough income during your chapter 13 case to pay for your necessities and to keep up with the required payments as they come due.

# CHAPTER 4

## What Happens To My Property?

*Chapter Epigraph uses a quote or verse to introduce the chapter and set the stage.*

*—Attribute the quote*

**I**n most cases you will not lose your home or car during your bankruptcy case as long as your equity in the property is fully exempt. Even if your property is not fully exempt, you will be able to keep it, if you pay its non-exempt value to creditors in chapter 13. However, some of your creditors may have a “security interest” in your home, automobile, or other personal property. This means that you gave that creditor a mortgage on the home or put your other property up as collateral for the debt. Bankruptcy does not make these security interests go away. If you don’t make your payments on that debt, the creditor may be able to take and sell the home or the property, during or after the bankruptcy case. In a chapter 13 case, you may be able to keep certain secured property by paying the creditor the value of the property rather than the full amount owed on the debt. Or you can use chapter 13 to catch up on back payments and get current on the loan.

There are also several ways that you can keep collateral or mortgaged property after you file a chapter 7 bankruptcy. You can agree to keep making your payments on the debt until it is paid in full (affirm the debt). Or you can pay the creditor the amount that the property you want to keep is worth. In some cases involving fraud or other improper conduct by the creditor, you may be able to challenge the debt. If you put up your household goods as collateral for a loan (other than a loan to purchase the goods), you can usually keep your property without making any more payments on that debt.

# CAN I OWN ANYTHING AFTER BANKRUPTCY?

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Yes! Many people believe they cannot own anything for a period of time after filing for bankruptcy. This is simply not true. You can keep your exempt property and anything you obtain after the bankruptcy is filed. However, if you receive an inheritance, a property settlement, or life insurance benefits within 180 days after filing for bankruptcy, that money or property may have to be paid to your creditors if the property or money is not exempt.

# CHAPTER 5

## What Else Should I Know

*Medical debts are the number-one cause of bankruptcy in America.*

—Barbara Ehrenreich

**T**here are *Utility services*—Public utilities, such as the electric company, cannot refuse or cut off service because you have filed for bankruptcy. However, the utility can require a deposit for future service and you do have to pay bills which arise after bankruptcy is filed.

*Discrimination*—An employer or government agency cannot discriminate against you because you have filed for bankruptcy. Government agencies and private entities involved in student loan programs also cannot discriminate against you based on a bankruptcy filing.

*Driver's license*—If you lost your license solely because you couldn't pay court-ordered damages caused in an accident, bankruptcy will allow you to get your license back.

*Co-signers*—If someone has co-signed a loan with you and you file for bankruptcy, the co-signer may have to pay your debt. If you file under chapter 13, you may be able to protect co-signers, depending upon the terms of your chapter 13 plan.

# CAN I FILE BANKRUPTCY WITHOUT AN ATTORNEY?

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Although it may be possible for some people to file a bankruptcy case without an attorney, it is not a step to be taken lightly. The process is difficult and you may lose property or other rights if you do not know the law. Nearly every 341 Meeting we attend, there is a pro se debtor that risks the case being dismissed for various deficiencies. As a result, bankruptcy courts widely discourage individuals from attempting to file for bankruptcy without competent legal counsel. *See for example* <http://www.utb.uscourts.gov/>, click Public Resources > Frequently Asked Questions.

**Remember: The law often changes. Each case is different. This book is meant to give you general information and not to give you specific legal advice.**

# CHAPTER 6

## Common Myths

*Myths are a waste of time. They prevent progression.*  
—Barbra Streisand

**T**HERE ARE A NUMBER OF COMMON MISCONCEPTIONS or myths surrounding bankruptcy. The top ten of these common myths are addressed below.

### MYTH 1: EVERYONE WILL KNOW I FILED FOR BANKRUPTCY.

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Unless you're a prominent person or a major corporation and the filing is picked up by the media, the chances are very good that the only people who will know about a filing are your creditors and the people who *you* tell. While it's true that your bankruptcy is a matter of public record, the number of filings is so extensive, that unless someone is specifically trying to track down information on you, there is little likelihood that anyone will even know you filed. So, if you don't want everyone you know to know you filed bankruptcy keep the information to yourself. As for newspapers, it's the author's experience that most papers don't include information about who filed bankruptcy, and even if they did, think about it, who would be interested enough to read that stuff?



## MYTH 2: YOU WILL LOSE EVERYTHING YOU HAVE.

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Nothing could be further from the truth. The fact is, most people who file bankruptcy don't lose anything.

First, while bankruptcy exemption laws vary from State to State, every State has exemptions that protect certain kinds of property. Using Utah as an example, there are exemptions to protect such things as your house, your car, your truck, household goods and furnishings, IRAs, retirement plans, and personal injury claims. In those rarer situations where you have more property than can be protected by available exemptions...there is Chapter 13. In Chapter 13, you can even keep this property by paying a higher Chapter 13 plan payment.

Second, filing bankruptcy does not generally wipe out liens. Therefore, if you want to keep a car, truck, home or business equipment that serves as collateral for a loan you need to keep paying on the debt. If you make these payments and have exemptions to cover any value above what is owed you can rest assured, you will be able to keep these items.

## MYTH 3: YOU WILL NEVER BE ABLE TO OWN ANYTHING AGAIN.

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A surprising number of people believe this, but this is false. In the future you can buy, own and possess whatever you can afford.

## MYTH 4: YOU WILL NEVER GET CREDIT AGAIN.

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Quite the contrary. Filing bankruptcy gets rid of debt, and getting rid of debt puts you in a position to handle more credit and that makes you look more attractive to would-be lenders. Typically, the debtor receives numerous credit card and other credit offers shortly after the case is filed. Initially, creditors may require a higher down payment, charge a higher interest rates, or required a secured line of credit. Over time, however, if you are careful, keep your job, make timely payments, your credit score will improve.

## MYTH 5: FILING BANKRUPTCY WILL HURT YOUR CREDIT FOR 10 YEARS.

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Not true. This myth confuses 2 completely different concepts with each other. Bankruptcy can be *reported* on your credit report for up to 10 years. Just because something is reported on your credit report does not necessarily mean it will have a negative effect on your credit rating. First, let's get one thing out in the open, by the time a person is considering bankruptcy their credit is already poor. Bankruptcy will likely have little immediate impact—except to make you a more attractive debtor. Furthermore, in the author's experience...if you have not re-established good credit in 1 to 2 years after you file bankruptcy.....most likely....it has nothing to do with the fact that you filed bankruptcy.

## MYTH 6: IF YOU'RE MARRIED...BOTH YOU AND YOUR SPOUSE HAVE TO FILE FOR BANKRUPTCY.

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Not true. In many cases...where both husband and wife have a lot of debt....it makes sense and saves money for them to both file, but it is never a requirement under the law. We have many cases where only one spouse has filed. The good news is that generally, if it makes sense for both spouses to file together, they can both file for the price of one filing.

## MYTH 7: ONLY DEADBEATS FILE FOR BANKRUPTCY.

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Not true. Most of the people who file bankruptcy are good, honest, hard-working people...just like you and me. People who file bankruptcy as a last resort, after months or years struggling to pay the bills that left over from some life-changing experience, such as medical bills, divorce, the loss of a job, a failed business venture, a serious illness, or some family emergency.

## MYTH 8: FILING BANKRUPTCY MEANS YOU'RE A BAD PERSON.

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Not true. There's a reason over 1,000,000 Americans file bankruptcy each year...and it's not because they're bad people. Lots of good, honest, hard-working people fall on hard times. Let's face it, life can be brutal, and sometimes the money's

just not there. The bankruptcy laws were created with this in mind: to make sure you have a way, if need be, to get free from the burden of debt, so that you and your family can have a second chance at a "fresh start".

## MYTH 10: YOU CAN PICK AND CHOOSE WHICH DEBTS AND PROPERTY TO LIST IN YOUR BANKRUPTCY.

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I'm sorry, but you can't. Doing so would be against the law. Under the law...when you file bankruptcy...you have to list ALL your property and ALL your debts. Most people want to leave out a debt because it is their intent to keep paying on it. Even though you have to list the debt, if you want to keep paying on a debt after bankruptcy, you can! After bankruptcy, you can go back and pay anybody you want—you just aren't legally responsible for the debt anymore. In fact, after you file bankruptcy there are some debts you must keep paying. For instance, if you have a car, truck or house loan, even though you list the debt in your bankruptcy, if you want to keep the car, truck or house, you must keep paying on the debt.