

BANKRUPTCY NEWSLETTER

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This letter is intended to answer some basic questions regarding bankruptcy. For more information and a more complete explanation of your rights, please call **Scott W. Sheen** or one of his associate attorneys for a **free telephone or office consultation**.

Bankruptcy is a fresh start. Bankruptcy is a legal way to start over and gain control over your finances and creditors. Our goal is to help you end your current financial worries and get back on your feet financially and rebuild your credit.

What can a bankruptcy do for you?

- Stop all harassing bill collector calls and letters;
- Stop garnishments and wage assignments, and you may get back money already garnished;
- Stop lawsuits immediately;
- Keep your house;
- Keep your car at same or lower payments or get rid of cars you don't want;
- Stop interest on credit cards or totally wipe out credit card debt;
- Keep your furniture or appliances and pay lower interest rates;
- Stop utility disconnections and save your deposit;
- Get your drivers license back if you lost it due to an accident or judgment;
- Get rid of medical, legal, credit card and other bills.
- Get rid of certain taxes.

What is a discharge?

People file bankruptcy to obtain a discharge from their debts. A discharge is a court order which states that you do not have to pay some or all of your debts. The

discharge applies to debts incurred before the date you file. There are debts that you cannot discharge. The most common ones are:

- Taxes, fines, penalties, interest, restitution imposed by government;
- Child support;
- Maintenance;
- Student loans;
- Debts from crime, fraud, or intentional tort.

No one can make you pay a debt that has been discharged, but the creditor may be able to take the property.

Chapter 7 Bankruptcy (No payment plan)

A Chapter 7 bankruptcy is a type of bankruptcy that typically results in total liquidation of all debt. People who proceed with a Chapter 7 Bankruptcy **usually do not pay anybody back except if they choose to**. You can only receive a Chapter 7 discharge once every six years. A trustee is appointed to oversee your property. Some property of value may be sold or turned into money to pay creditors.* State and federal law provides certain exemptions so you may be able to keep certain property and real estate.* You may be able to reaffirm debts and keep your property. Call for details.

Chapter 13 (Payment Plan)

A Chapter 13 Bankruptcy is a type of bankruptcy that people proceed under to pay back some or all of their debts through a payment plan. You can usually keep your property, but you must earn wages or have some ability to pay and you must agree to pay part of your income to your creditors. The court must approve your repayment plan and your budget. A trustee is appointed to collect payments, pay your creditors and monitor the progress of your repayment plan.

You may be able to convert your case from one chapter to another.

How can a bankruptcy affect you?
Your bankruptcy may be reported

on your credit record for as long as ten years. It can negatively affect your ability to receive credit in the future. Some creditors hold a record claim (Liens, Mortgages). You do not have to pay a secured claim if the debt is discharged, but the creditor can repossess your property.

How can I keep my property?

State and Federal Laws give you certain exemptions that can provide protection against loss of property.* Call for details.

Reaffirmation Agreement:

A reaffirmation agreement is an agreement between you and the creditor to keep the property. Reaffirmation agreements are voluntary and must comply with certain rules. The agreement must be voluntary, in your best interest, and must not place a heavy burden on you. The reaffirmation agreement can be canceled before your discharge or within 60 days after the agreement is filed with the court. If you reaffirm a debt it will not be discharged. If you fail on your obligation, the creditor can take legal action to recover the property or a judgment.

How do I decide which Chapter to file under or whether or not to file?

We offer free phone or office consultations. We will give you our opinion of which Chapter is best for you or whether or not to even file.

What do I have to disclose?

You have to disclose your financial condition and background as well as your assets. You must disclose a complete picture of your income, expenses, and assets.

Free Consultations:

We offer free telephone and office consultations. We have convenient evening and weekend hours.

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