

## Secrets of Bankruptcy

### **Secret #1: Most People Keep All Their Property**

The Bankruptcy Code provides for you to keep your home, cars, furniture, appliances, employer sponsored retirement and other essentials that you need to get your fresh start. Though it is true that there are limits to the values of what you can keep in bankruptcy, many people are not required to give up anything. In general, fears of losing property are overblown by the credit industry.

### **Secret #2: You Don't Need To Be Broke To File For Bankruptcy**

You can be employed, have a bank account and own property up to certain limits as of the date your bankruptcy case is filed. Once your case is filed you can have anything you want and nobody - the court or your creditors - can touch it. In fact, a New York City man recently bought a winning lottery ticket after he filed his bankruptcy case and was able to keep all of his winnings.

### **Secret #3: There Is No Minimum Amount Of Debt Required For Bankruptcy**

Chapter 7 bankruptcy is designed for people who are unable to repay their existing debts - it is not designed for people who owe certain amounts. The ability to file for Chapter 7 bankruptcy is based upon your debt and income. There are many people who file for bankruptcy owing very little money, & others who do not need to file for bankruptcy in spite of the fact that they owe a large amount of money.

### **Secret #4: There Is Credit After Bankruptcy**

We hope you will not go into bankruptcy with the intent of getting back into debt. The negative impact of bankruptcy on credit is extremely exaggerated. It won't be long before you're getting credit card offers again. You can actually get new credit while you are in Chapter 13 but any new credit of more than \$500.00 must be approved by the Chapter 13 Trustee and any new credit of more than \$15,000.00 must be approved by the Bankruptcy Court. You should, however, refuse all offers of credit cards until you've put together a realistic savings plan. Once you've put a savings plan into place and start to build up your "cash cushion" you will be able to start thinking about new credit. If you want to buy a home or car after bankruptcy you will probably be pleased. We have had many clients purchase a home within two years of filing bankruptcy - but only if they've taken the steps necessary to

establish their own financial stability. Either a Chapter 7 or a 13 bankruptcy can be reported on your credit for up to 10 years. However, once you receive your discharge in bankruptcy, then all claims or debts "included" in your case are only allowed to report a "0" balance on your consumer credit report.

### **Secret #5: Your Employer Will Not Find Out About Your Bankruptcy**

The Bankruptcy Court does not get in touch with your employer when your case is filed. Your payroll department may be contacted to stop a garnishee (income execution), but most times they are told to stop without a reason why. Though anyone can go to the courthouse and find out if you've filed for bankruptcy, this rarely happens. If you file a Chapter 13 case and fail to make your required plan payments, the Chapter 13 Trustee can order your payments made through a wage deduction order.

### **Secret #6: Your Spouse Does Not Have To File For Bankruptcy With You**

It's not uncommon for one spouse to have a significant amount of debt in their name only. However, if spouses have debts they want to discharge that they're both liable for, they should file together. Otherwise, the creditor will simply demand payment for the entire amount from the spouse who didn't file.

### **Secret #7: Your Name Will Not Be Published in the Newspaper**

Many people worry that their names will be published in the newspaper if they file for bankruptcy relief. The bankruptcy filing is of course a public record and as such is available. However, as a practical matter no group or person could afford to pay for the space in a newspaper to publish the daily bankruptcy filings.

### **Secret #8: You Are Not Alone**

Every person going through bankruptcy feels alone. Don't! More than 1,000,000 people file for bankruptcy every year. Doubtless, several of your friends, coworkers and neighbors have filed, they just don't advertise it. Also, many famous individuals and big companies have gone bankrupt including:

- President Abraham Lincoln
- Author Mark Twain
- Automobile Manufacturer Henry Ford
- Hall of Fame quarterback Johnny Unitas
- Hollywood director Francis Ford Coppola
- Television personality Larry King
- Actor Mickey Rooney

- Actor Burt Reynolds
- Actress Kim Basinger
- Entertainer Jerry Lee Lewis
- Entertainer Wayne Newton
- Entertainer M.C. Hammer
- Entertainer Toni Braxton
- Continental Airlines
- United Airlines
- US Airways (twice)
- \* Northwest Airlines
- \* Delta Airlines

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**Secret #9: Religious People Do Not File for Bankruptcy**

Bankruptcy is actually provided for in the Old Testament and our current American Bankruptcy Laws are based on the Bible. In the Book of Deuteronomy, Chapter 15, the scriptures provide that "-----"

Secret #10: You Do Not Have to Pass a Test to File for Bankruptcy

Secret #11: You Do Not Have to Pass a Test to Complete Your Bankruptcy.

Secret #12: You Do Not Give Up Any Tax Refunds by Filing for Bankruptcy

Secret #13: You Can Have More than One Car and File for Bankruptcy

Secret #13: The Interest, Late Charges, Over-the-Limit Fees, and Penalty Interest Fees on Credit Cards Are NOT Allowed in Bankruptcy

Secret #14: