

scheduling a payment plan for your arrearage or past due payments. In most cases you will have to pay the mortgages or liens as you would if you didn't file bankruptcy, and an additional payment to catch up your arrearage

CAN I OWN ANYTHING AFTER BANKRUPTCY?

Yes! 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.

WILL BANKRUPTCY WIPE OUT ALL MY DEBTS?

Bankruptcy will not normally wipe out:

- ◆ Money owed for child support or alimony, fines, and taxes;
- ◆ 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;
- ◆ student loans owed to a school or government body, except if:
 - the court decides that payment would be an undue hardship, or,

- you can show that the school closed while you were still attending.

- ◆ 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 taken and sold by the creditor).
- ◆

WILL BANKRUPTCY AFFECT MY CREDIT?

There is no clear answer to this question. Unfortunately, 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. But since 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 get new credit.

WHAT ELSE SHOULD I KNOW?

Utility Services—Public utilities, such as an 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.
- ▶ **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 consigned a

loan with you and you file for bankruptcy, the cosigner may have to pay your debt.

- **Counseling-Prefiling** and post filing debt counseling is required.
- **Limitations**—There are some limitations on whether you can file a Chapter 7 based on the amount of your disposable income.
- There are limitations on how often you can file a Chapter 7 or Chapter 13.

CAN I FILE BANKRUPTCY WITHOUT AN ATTORNEY?

Yes, this is possible, but 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. It is advisable to consult an attorney who handles bankruptcy.

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Information has been provided by Mississippi Center for Legal Services Corporation.



CHAPTER 7 BANKRUPTCY

IS IT THE RIGHT OPTION FOR ME?



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601-545-2950

For legal assistance dial
1-800-498-1804

WHAT IS BANKRUPTCY?

Bankruptcy is a legal proceeding in which a person/couple or business who cannot pay their debts gets a fresh financial start. It is provided by federal law with strict rules and regulations and all bankruptcy cases are handled in federal court. Filing bankruptcy immediately stops all of your creditors from seeking to collect from you, at least until your debts are sorted out according to law.

Once your debts are sorted out your exempt assets will be separated from your nonexempt assets. Your nonexempt assets will be used to pay your creditors as determined by federal law. At the conclusion of the bankruptcy proceeding all dischargeable debts will be wiped out and you will be left with your exempt assets. Exempt assets are property that the federal and/or state law says cannot be taken by a creditor to satisfy a debt.

WHAT CAN BANKRUPTCY DO FOR ME?

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,

automatically eliminate mortgages and other liens on your property without payment.).

- ▶ Prevent repossession of a car or other property, or force the creditor to return property even after it has been repossessed.
- ▶ Stop wage garnishment, debt collection harassment, and similar creditor actions to collect a debt.
- ▶ Restore or prevent 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.

WHAT BANKRUPTCY CANNOT DO

Chapter 7 bankruptcy cannot cure every financial problem, nor is it the right step for every individual. In bankruptcy, it is usually *not* possible to:

- Eliminate certain rights of “secured” creditors who you gave a lien against property. You generally cannot keep the property unless you continue to pay the debt.
- Discharge debts singled out by the bankruptcy law for special treatment such as child support, alimony, certain other debts related to divorce, some student loans, court restitution orders, criminal fines and some taxes.
- Protect cosigners on your debts. When a relative or friend has consigned 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.

WHO MAY BENEFIT FROM FILING BANKRUPTCY?

Some people, even though their assets and income are all within the protection of Mississippi’s exemption statutes, may feel legitimately that they need to file a Chapter 7 bankruptcy. The person may have medical conditions which are adversely affected by stress.

Some people may need to file bankruptcy to avoid having their wages garnished or income otherwise disrupted.

Others may have lost or be about to lose their driver’s license due to their inability to pay a judgment resulting from an auto accident. Such persons may need to file bankruptcy to regain or retain their driving privileges.

Still, others may have fallen behind on their house note or car payments. If their creditors have been unwilling to work with them, Chapter 13 bankruptcy may enable them to avoid foreclosure or repossession by forcing their creditors to accept a payment plan.

WHAT DOES IT COST TO FILE FOR BANKRUPTCY?

It now costs \$338.00 to file a Chapter 7 bankruptcy and \$313.00 to file a Chapter 13 bankruptcy, whether for one person or a married couple. If you hire an attorney, you will also have to pay the attorney’s fees you agree to. (Filing fees may increase.)

WHAT PROPERTY CAN I KEEP?

In a Chapter 7, known as “straight” bankruptcy or liquidation, case, you can keep all property which the law says is “exempt” from the claims of creditors. In Mississippi you are required to use the exemptions authorized by Mississippi law. These exemptions include, among various others:

- \$75,000 in equity in your homestead;
- \$30,000 in equity in your trailer if you live in it and do not own the land under it;
- \$10,000.00 in tangible personal property; There are some limitations on the types and number of certain items of personal property that is exempt.
- Your right to receive certain benefits such as social security, unemployment compensation, veterans’ benefits, public assistance, and pensions.

The amount of the exemptions may be doubled when a married couple files together.

CHAPTER 13

In a Chapter 13 case, also known as “debt adjustment,” or “wage earners,” bankruptcy, you can keep all of your property if your plan meets the requirements of the bankruptcy law by