

BANKRUPTCY MYTHS

**Don't Let Them Keep You From
Getting A Fresh Start**



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BANKRUPTCY MYTHS

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This Report Is Not Legal Advice

Although I'm going to give you a lot of valuable information in this report, you must understand that it is not legal advice. Moreover, this report will not establish an attorney-client relationship between us. The only way that I can give you legal advice is if you hire me. To hire me, you must sign a written agreement, called a retainer agreement, which sets forth the terms of my representation of you and details of our attorney-client relationship, including the cost.

Only after you have hired me as your attorney by signing a retainer agreement, will I be able to give you legal advice. Until that time, however, I can only help you educate yourself by providing you with some useful information.

Introduction

If you are here right now, it's probably because you're feeling overwhelmed by debt and you're considering bankruptcy. You are worried about the consequences and I get it. Don't let fear derail you from taking action that could improve your financial situation.

If you're worried about the consequences of bankruptcy and how it will affect your life in the future, you're not alone. There are many myths surrounding bankruptcy which prevent people from taking action to get out of debt and get the fresh start they are entitled to.

Yes., filing bankruptcy is a major decision. It's good that you are concerned about the process as well as the financial fallout. It's also important that you understand the truth and let go of any misconceptions you might have so you can make the best decisions for you and your family.

In this report I list the top 5 bankruptcy myths that keep people from considering bankruptcy. I dispel those myths so you know the truth. If you have questions, I'm just a phone call away. You can reach me at (248) 831-0845.

Sincerely,

Doug Dern

A hand is shown reaching up from the water, splashing. To the right, a life preserver is visible. The background is a bright, hazy sky over water.

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Bankruptcy Myth #1

“I Will Lose My House.”

Many people worry about losing their home if they file for bankruptcy. However, you will not lose your home just because of a bankruptcy. It will depend on your specific situation. Many factors go in to determining whether can and/or should keep your home.

- **Are your mortgage payments current?** If not, you might be looking at filing a Chapter 13 bankruptcy. A Chapter 13 would allow you to catch up your mortgage payments over a period of 3 to 5 years. Another interesting fact is that filing a bankruptcy will stop a foreclosure as long it is filed prior to the foreclosure sale taking place.
- **Can you afford the mortgage payment?** If not, it is probably in your best interest to let the home go and get out from under the debt. A mortgage debt can wiped out by bankruptcy, but if you want to keep the home you have to keep the debt.
- **How much equity do you have in your home?** Equity is the value of the home minus what you owe on it. Married couples can protect about \$40,000 in equity in the personal residence. However, there are a lot of details in the law which may allow a debtor to protect more.

A background image showing a hand reaching up from the water with a life preserver nearby, symbolizing help or rescue.

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Bankruptcy Myth #2

“I Will Lose All My Property.”

Right after the fear of losing their home is the thought that people will lose all of their personal property if they file for bankruptcy. This myth exists because Chapter 7 bankruptcy is considered a liquidation. Some of a person's assets may be sold to pay off debt. However, the majority of Chapter 7 cases are considered “no asset” cases. This means the debtors could protect everything they own. There are “no assets” to be sold. Most people fall into this category and they can protect all of their belongings.

People can protect their property by claiming it as exempt in their bankruptcy paperwork. Laws lay out how much you can protect in various categories, like your home as discussed in Myth #1. Other categories include household items, clothing, tools of a trade, and many more. If an item is more valuable than the exemption allows, it may be able to be protect using what is referred to as a wild card exemption.

In order to protect an item, it must be declared. Therefore, it is critical to be honest with your bankruptcy attorney. Remember that your attorney is there for you. Their job it so advise you, help you, and protect you. They can't do that unless they know everything.

A background image showing a hand reaching up from the water with a life preserver nearby, symbolizing rescue or help.

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Bankruptcy Myth #3

“I Am Judgment Proof.”

Some people don't file for bankruptcy because they believe they are “judgment proof.” However, this is a misnomer. Even if a person only receives income from federal benefits, a creditor can still sue them and get a judgment.

Once the creditor is armed with a judgment, he or she can take action to recover the amount owed to them. While the benefits themselves may not be able to be taken, the creditor may be able to garnish other wages, place a lien on property or get money kept in a bank account.

People may not be as protected as they believe. Bankruptcy may be the best option to prevent creditors from taking action against them.



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Bankruptcy Myth #4

“Bankruptcy Will Ruin My Credit Forever.”

Some people mistakenly believe that if they file for bankruptcy their credit will be ruined forever. The truth is that bankruptcy remains on your credit report for up to ten years. After your bankruptcy is filed, your credit will be affected. However, the effect of the bankruptcy will lessen over time. The Federal Reserve Bank of Philadelphia found that people who filed for Chapter 7 bankruptcy had an average score that was about 80 points higher six to eight months after their bankruptcies were finalized than they had prior to the filing.

Additionally, by eliminating or restructuring your debt, you can often rebuild your credit. You can start fresh and address the underlying issues that resulted in the accumulation of debt.

You may start to see credit offers within weeks after your bankruptcy becomes final. This is because some creditors may consider you a better risk since you eliminated many of your obligations and you will be barred from filing bankruptcy again right away. Be cautious with these credit offers. They often have high interest rates and can be difficult to pay back. Wait some time and you will start to get offers with lower interest rates.



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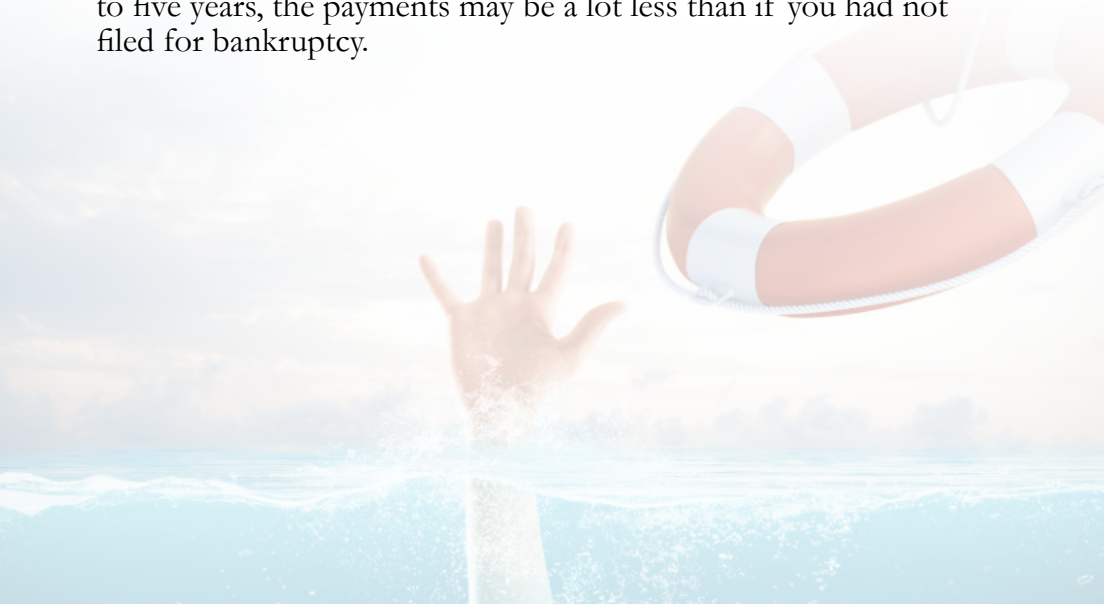
Bankruptcy Myth #5

“I Make Too Much Money to File Bankruptcy.”

Some people think that they make too much money to file bankruptcy, so they disregard this option. While income is definitely a factor in bankruptcy, it rarely prohibits someone from filing.

For Chapter 7 bankruptcy cases, you must pass the means test. This test looks at your gross income over the last six months and compares it to the median income in your state. Some income, like Social Security is not included in this calculation. As long as your income is below the median, you pass the test.

However, even if you do not pass the means test, you can probably still file for Chapter 13 bankruptcy. While this type of bankruptcy requires you to make ongoing payments toward your debt for three to five years, the payments may be a lot less than if you had not filed for bankruptcy.



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The Real Question.

At this point, you may have a number of other questions and concerns that were not answered in this report. You may be wondering what to do now.

The real question is...

Are you tired of living like this?

Are you tired of worrying about your debt day and night?

Do you dread the phone calls from collection agencies?

If you had a chance to have your debt wiped away, keep your house, car, and retirement savings, and give your family a real fresh start, would you take it?

If you answered yes to any of those questions, then at this point you really only have two options.

Option #1

Allow fear of the unknown to keep you from getting help, and go on living with the stress and uncertainty of the debt that is weighing so heavily on your shoulders.

Option #2

Schedule a free consultation with a bankruptcy lawyer who can answer all of your questions and separate the myth from the truth based on your actual situation. You can finally get some peace of mind, stop worrying, and rest a little easier at night.

Call or text (248) 831-0845 and schedule a free consultation. You'll be glad you did.

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