

Bankruptcy myths.



Bankruptcy is a mystery to many people and plenty of myths have grown up around the legal process. Here are some common misunderstandings along with the facts.

Myth #1 – I'll lose my house!

- When you file for bankruptcy an automatic stay goes into effect immediately that directs all of your creditors to stop collection, repossession and foreclosure activities.
- A Chapter 13 bankruptcy will help you keep your home, vehicle and other assets even if you are behind on payments.
- A Chapter 7 bankruptcy can delay foreclosure for a number of months giving you time to find alternative accommodation and move.

Myth #2 – I'll lose everything!

- Most people who file bankruptcy don't lose anything except their debts. And they gain a fresh financial start.
- In Virginia there are many personal exemptions in bankruptcy that protect including:
 - Your household items and furnishings
 - IRA's and 401(k) retirement plans
 - Vehicle
 - Personal injury claims
- In a Chapter 13 bankruptcy you keep everything you have in exchange for paying your creditors some or all of what they are owed in a repayment plan.

Myth #3 – My credit will be ruined forever!

- For most people, by the time they file bankruptcy, their credit is already in bad shape.
- A Chapter 7 (liquidation) bankruptcy is typically on your credit report for 10 years.
- A Chapter 13 (reorganization) bankruptcy is typically on your credit report for seven years.
- In fact your credit score will eventually improve because bankruptcy gets rid of debt. You'll be in a better position to handle credit and this makes you look more attractive to lenders. It's not uncommon to get offers for new credit cards, car loans and the like after a bankruptcy.
- After bankruptcy you can immediately begin rebuilding your credit.

Myth #4 – I don't need an attorney to file bankruptcy!

- You can file bankruptcy on your own. It's called pro se – an individual filing without an attorney.
- Virtually all pro se Chapter 13 filings in Virginia fail.
- If your case is dismissed (or failed), foreclosure, repossession and collection activities can be immediately restarted against you.
- You may not be able to refile bankruptcy.

Boleman Law attorneys are bankruptcy specialists – the largest personal bankruptcy firm in Virginia. Since 1991 we have helped more than 106,000 people regain their financial health.

If you, or someone you know, are facing overwhelming debt, call today for a FREE consultation with a skilled experienced Bolesman Law attorney. There's no cost and we'll help you fully understand your legal rights and options.

Don't wait until it's too late. Call us for a free appointment today. We will help you.



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Laura Alridge is Vice President and shareholder of Bolesman Law Firm and has been practicing bankruptcy law since she joined Bolesman in 1998. She is active in the Richmond community, having volunteered with the Virginia Poverty Law Center, Housing Opportunities Made Equal (HOME), The Credit Abuse Resistance Education (CARE) program and the Legal Information Network for Cancer (LINC). She is a frequent speaker at community workshops and professional CLE courses.