10 BANKRUPTCY MYTHS

Things that people believed about BANKRUPTCY that's not true

People often worry about filing for bankruptcy, most of the time based on stories they have heard from others. Those stories are nothing more that myths and once they know the truth, they will find that not only that bankruptcy is not so scary, it is the best financial strategy they ever did to put "certainty" on their debts.

Here are ten misunderstood things about bankruptcy that are just not true.

1. ***Bankruptcy brings me shame.***

Bankruptcy is there for a reason-to help people when they need it most. It is a way to protect you from the pressure and stress of dealing with creditors and/or collection agencies when you cannot afford to pay your debts. Do you recognize these names? President Abraham Lincoln, Mark Twain, Henry Ford, Walt Disney, Larry King, Mickey Rooney, Burt Reynolds, Kim Basinger, Jerry Lee Lewis, Wayne Newton, M.C. Hammer, Continental Airlines, General Motors, and US Airways-they have all filed for bankruptcy.

2. ***My job will be affected.***

The court will not notify your employer of your bankruptcy petition. In fact, you may have several colleagues who filed for bankruptcy-you just never know, and they won't know about yours either.

3. ***I lose everything I own.***

Most debtors now have few if any eligible assets. Besides there are local laws that allow you to exempt some of your assets so you may start fresh but not without the essential things you need to continue living. Most people get their unsecured debts discharged from bankruptcy having lost nothing but their credit score, and that was on the way down anyway through overdue debts.

4. ***I have to be flat broke in order to file.***

Your income will determine which Chapter you are eligible to file under. If your income is not large enough to cover your debts, then you may need to file.

5. ***I need a lot of debts to qualify.***

For most people the amount of debts you have is not important. The determining factor to know if you qualify to file bankruptcy is whether or not you have sufficient income to service your debts, that's what's important.

6. ***My credit will be destroyed.***

Bankruptcy will affect your credit rating. Although bankruptcy stays in your credit for years, its effect is more certain that just letting your debts linger on. In the eyes of some lenders, you're a better risk after bankruptcy than before. Your credit score will return to normal if you are wise with your future spending and credit activities.

7. ***My wife has to file bankruptcy as well.***
Not true. Even if you are legally married, then it's your decision whether to file jointly, or for only one of you to file.

8. ***I could lose my house and car(s) if I file.***
You can only lose your home through bankruptcy if you have a lot of debts and a lot of equity in your home. In most states, there are large homestead deductions in place that protect homes. Bankruptcy will stall foreclosure however bankruptcy will not clear your mortgage debt. Few people lose their homes because of bankruptcy.

9. ***I could lose my pension plan.***
Majority of pension plans are protected in bankruptcy. You may have difficulties if you have drawn large amounts out of your plan, or made very large payments into your plan just prior to bankruptcy, otherwise, your pension plan is perfectly safe.

10. ***My citizenship status could be affected.***
Bankruptcy has no bearing on your current or future citizenship statutes provided there is no fraudulent act discovered through bankruptcy.

If the goal to get a "fresh start" of your debts and an opportunity to re-establish your credit rating, bankruptcy may be your way to start over.

We assist people in filing for bankruptcy. Our company is a Debt Relief Agency and we help people avail with the protection of this federal law.

"The information above was adapted from internet information for educational purposes only. Nothing in the information provided is intended to form the basis of attorney-client relationship between you and our law firm or constitutes legal advice."