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# QUARTERLY LEGAL ADVISOR

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This is the thirty-sixth quarterly newsletter for my clients. Due to your great interest, I plan to continue this quarterly report.

In 2003 over 1.6 million Americans filed bankruptcy. As interest rates increase, the refinancing solution may no longer be feasible for homeowners. There is still incredible confusion about the effect of a bankruptcy compared to non-bankruptcy alternatives. People don't realize that once they are delinquent in payments, their credit cannot be in good shape. Also, the credit counseling services that aren't paying back the debt in full also impact on your credit. Be wary of the quick fix home equity loan since there may be catches that will set you up to fail.

Consumers must learn about stewardship and how to avoid this cycle of debt. This can be learned by reading my book, *The Debt Trap: How Your Life Choices Impact on Your Financial Future*, [www.stopdebttrap.com](http://www.stopdebttrap.com). *The Debt Trap* teaches about stewardship and how to avoid the traps that get you into debt.

Finally, even though bankruptcy affects your credit for 7-10 years, there is a light at the end of the tunnel after a discharge is received. However, this article is to advise you 4 crucial ways of how the bankruptcy process can help you save your property and get creditors off your back.

## **1) A CHAPTER 13 BANKRUPTCY CAN SUBSTANTIALLY REDUCE YOUR AUTO PAYMENT AND INTEREST RATE.**

The United States Supreme Court has finally given working folks a break. If you are behind on your car payment or it has even been repossessed, you only have to pay back the replacement value plus interest of prime plus up to 3%. Many of

my clients have interest rates of 22%, 25%, or even higher. A Chapter 13 plan can legally save you substantial money on your car payment and discharge other debt depending on all your circumstances.

## **2) A CHAPTER 13 BANKRUPTCY WILL STOP FORECLOSURE AND SAVE YOUR HOME.**

Even if your home is scheduled for Sheriff Sale tomorrow, as long as you file Chapter 13 before the sale, Congress allows you to do a repayment plan over 5 years to save your home. However, you must resume future mortgage payments. Even if the sheriff sale already occurred under certain circumstances I will still be able to save your home.

## **3) A CHAPTER 13 ALLOWS YOU TO GET BACK YOUR DRIVER'S LICENSE IF THE ONLY REASON FOR SUSPENSION IS NONPAYMENT OF SURCHARGES OR JUDGMENTS.**

Many of my clients have lost their driver's license due to failure to pay insurance surcharges or judgments. If your license is suspended, Chapter 13 will restore your driving privileges, as long as there is no other non-monetary reason for suspension.

Even if your license is suspended for fines, Chapter 13 can help. However, fines are more complicated and there may be more work involved to get municipal courts to issue rescinding orders.

## **4) A CHAPTER 13 WILL STOP AN EVICTION AND ALLOW YOU TO ASSUME YOUR LEASE.**

I have many clients who think bankruptcy only deals with foreclosure. The bankruptcy code also allows tenants

who are behind on their rent to assume a lease and stop the eviction process. However, the cure must be a "prompt cure", which means the arrears cannot be stretched over a certain period of time. There is no black letter law that constitutes "prompt" but one case states 36 months is not a prompt cure. Also, once you file Chapter 13 you must be current on all future rent payments.

## **LET ME ANSWER ALL YOUR QUESTIONS.**

We are a full service law firm that wants to service your needs. Besides helping people with financial problems, our office helps people with all types of motor vehicle violations, work related injuries, and any other personal injuries.

As my law practice continues to grow, I hope to help you all in areas of the law where I have helped my other clients. Remember that even if I am not familiar with a specific area of the law, I work with other lawyers who are well qualified to handle these matters. Therefore, if you have any questions on any legal matter whatsoever, please ask me about it.

## **IF YOU LIKE MY WORK SPREAD THE WORD.**

I appreciate the confidence my clients show by referring new business to me. Such referrals are my largest and best source of new clients. Please let me know if you have a friend or relative who needs legal assistance or who would like to receive one of my quarterly newsletters.

I sincerely appreciate all the referrals from so many of you over the past several years. Thank you for your continued confidence and good will.

If you would like me to do a workshop and discuss *The Debt Trap* at your church, feel free to contact me.