

Steven N. Taieb, Esq.
1155 Route 73, Suites 11D & E
Mt. Laurel, New Jersey 08054
Telephone: (856) 235-4994
Fax: (856) 235-0917

Steven N. Taieb, Esq.
Attorney At Law
Member NJ & PA Bar
Board Certified in Consumer Bankruptcy Law by the
American Board of Certification.
Accredited by the American Bar Association



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

US SUPREME COURT ALLOWS CONSUMERS TO SUBSTANTIALLY REDUCE INTEREST IN CAR PAY-

The seminal case for 2004 was In re Till, 2004 US Lexis 3385 (2004). This case can substantially save consumers thousands of dollars on interest to a car company, since the interest rate allowed is prime plus 1-3%, which is substantially less than the contract rate of interest.

Let's assume you own a 1999 Chrysler Sebring 2D LX Coupe. Under In re Rash, 520 US 953 (1997), you would have to pay the replacement value of \$6,100. However, if you were a high risk, Chrysler would most likely give you a very high interest rate of 22%.

How much money would you save using the cram down option on your 1997 Sebring under In re Till? Prior to Till, the cram down provision of the bankruptcy code would allow you to pay Daimler Chrysler \$9,791 over five years, while after Till, you would only have to pay back Daimler Chrysler \$7,275 over the same five years. Thus, you are looking at a savings of \$2,516 in interest.

Thus if you have a very expensive car payment which is worth less than you owe, In re Till allows you to save a substantial amount of money on your car loan.

JUDGMENTS AND BANKRUPTCY

Many of my clients have filed bankruptcy subsequent to judgments being entered. If the judgment turned into a lien on real estate, the lien survives the bankruptcy as long as the lien was obtained prior to the filing.

If you didn't own real estate when the judgment is entered, the debt is discharged under 11 USC 524; however, if you try to purchase a home subsequent to your bankruptcy discharge the judgment will attach to purchase of real estate.

Therefore, there are 2 ways to deal with this issue:

1) The first way only deals with clients who own real estate when they file bankruptcy. They must get title work showing liens on the property and I would file a Motion before the bankruptcy Judge to avoid the lien, if it meets the statutory requirements.

2) Another option is to wait one year after discharge and go in to State Court to cancel the judgment under NJSA 2A: 16-49.1. If you have judgments and don't own real estate, you must use the State Court procedure to cancel all the judgments ever attached if you purchase real estate in the future.

Thus, even though a judgment may personally be discharged in bankruptcy, it survives the bankruptcy and stays as a lien on the real estate you presently own or wish to purchase subsequent to your bankruptcy discharge. Fee free to call me if you have any questions.

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 in all 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.

Steven N. Taieb has been Board Certified in Consumer Bankruptcy Law by the American Board of Certification since 1994. He has helped over 5,000 people resolve their legal problems.