



# UNDERSTANDING AND PREPARING FOR BANKRUPTCY

Lewis & Jurnovoy P.A.

## **WARNING SIGNS**

If you are in financial trouble, you are not alone. At Lewis & Jurnovoy, P.A. we've helped thousands of people just like you find the legal solutions they needed to put their finances, and their lives, back on track.

These questions are designed to determine whether or not you should seek the advice of a bankruptcy professional. Print out this page and take a moment to ask yourself these questions. Answer each question openly and honestly as you read them.

**Are bill collectors constantly calling you at home or work?**

**Do you pay only the minimum payment due on your credit cards?**

**Are you afraid to answer your phone because it could be a debt collector?**

**Do you lose sleep at night because you worry about paying your bills?**

**Are you arguing with your spouse over bills?**

**Do you stress over your finances?**

**Are you chronically late in paying bills?**

**Do you borrow to pay for necessity items such as food, electricity, or gas?**

**Have you reached the credit limit on one or more of your credit cards?**

**Don't you have a vehicle title loan?**

**Have you borrowed money to pay monthly expenses?**

**Do you live from paycheck to paycheck without an emergency fund?**

**Have you borrowed money from friends and/or relatives to meet obligations?**

**Is your vehicle in jeopardy of being repossessed?**

**Has your credit line been stopped by one or more creditors?**

**Is your house in jeopardy of foreclosure?**

**Do you owe money for property you no longer own?**

**Have you written checks hoping they don't clear before your paycheck is deposited?**

**Do you have any payday advance loans?**

**Do you have multiple mortgages on your house?**

If you answered yes to any of these questions, you may be experiencing financial difficulty. You should take steps to re-examine your financial priorities, budget and credit obligations. It may be time to consider a bankruptcy consultation with Lewis & Jurnovoy, P.A.

When we have talked to other clients looking for bankruptcy consultations, we've encountered a number of myths and misinformation about the legal process surrounding bankruptcy.

As bankruptcy professionals, we wanted to share these myths with you and set the record straight as you consider your financial options.

## 15 BANKRUPTCY MYTHS

You've heard stories about bankruptcy your entire life. Many of those stories are of false and we're here to set the record straight. These are the top 15 myths about bankruptcy your creditors don't want you to know.

### **Myth 1: Under The New Bankruptcy Law There's No More Bankruptcy And There Is No More Help With The New Bankruptcy Law.**

Not True. The Bankruptcy Reform Act From 2005 Only Changed The Way Debtors Qualify For Different Types Of Bankruptcy. It Doesn't Prevent People From Filing. The Truth Is, In Most Situations People Are Still Able To Get The Same Relief Now As Before The Law Changed.

---

### **Myth 2: You Are A Bad Person For Filing Bankruptcy.**

Not True. There Is A Reason That Over One Million People File For Bankruptcy Each Year And It Is Not Because They Are Bad People. Most Of The People Who File Bankruptcy Are Good, Honest, Hard-working People, Just Like You And Me. They File As A Last Resort After Months Or Years Of Struggling To Pay Their Bills. These Bills May Be From Some Life-changing Experience, Such As A Divorce, The Loss Of A Job, A Failed Business Venture, A Serious Illness, Or Growing Old, Or Some Family Emergency. Others Have Honestly And Mistakenly Fell Into Debt At A Young Age Before They Knew Anything About Budgeting Or How To Manage Money.

The Truth Is Bankruptcy Is A Solution To Help Good People Go Through A Bad Time. It Provides Hard Working People With The Fresh Start That They Deserve, But Are Not Able To Obtain. If You Need To File, Bankruptcy Is Actually One Of The Most Positive, Responsible, Honorable And Noble Steps You Can Take On Behalf Of Your Family And Your Family's Future, Happiness And Prosperity.

**myth 3: Filing For Bankruptcy Hurts Your Credit For 10 Years.**

Not True. This Is Confusing Two Completely Different Concepts With Each Other. You Are Getting The Fact That Bankruptcy Is Reported On Your Credit Report For Up To 10 Years Mixed Up With The Effect That Reporting Will Have On Your Credit. Just Because Something Is Reported On Your Credit Report Does Not Necessarily Mean It Will Have A Negative Effect On Your Credit Standing. In Fact, Most People's Credit Scores Improve After Filing.

Look At It Like This, By The Time You Need To Make An Appointment To See A Bankruptcy Attorney, Your Credit Is Already Messed Up Or Maxed Out. Or At Least Strongly Headed In That Direction. Think About It. If Your Credit Is Already Messed Up Or Maxed Out, You Probably Won't Have Much Credit For Bankruptcy To Hurt.

In Our Experience, If You Have Not Re-established Good Credit In 2 To 4 Years After You File Bankruptcy It Most Likely Has Nothing To Do With The Fact That You Filed Bankruptcy. And It Certainly Has Absolutely Nothing To Do With The Fact That Your Credit History Still Shows An Old Bankruptcy Filing.

Although The Bankruptcy Will Stay On Your Credit, The Truth Is You Can Start Rebuilding Your Credit Once Your Bankruptcy Is Discharged. Making Current, Full Payments On Debt Is The Best Way To Start Building Your Credit While You Are Still In The Bankruptcy.

**Myth 4: Everyone Will Know You Filed For Bankruptcy.**

Not True. Bankruptcy Filings Are A Public Record, But Unless You Are A Prominent Official, Or A Celebrity, No One Is Going To Go Look For Your Filing. The Only People Who Are Going To Know Are Your Creditors, Anyone You Tell, And Anyone Who Has Access To The Bankruptcy Court Record System. Some People Think That Newspapers Carry Bankruptcy Filing Information, But In Our Area This Is Simply Not True.

**Myth 5: You Can Pick And Choose What To Put Into Bankruptcy.**

Not True. You Do Have To List All Of The Debts That You Owe And The Property That You Own. You Cannot Discriminate Between Creditors, Even If You Want To Keep Paying Them. It Is Good To Want To Continue Paying Creditors, But It Is Still Mandatory To Include The Debt. If You Feel Like Paying It After The Bankruptcy Then Go Ahead, But You Will Not Be Obligated To. In Fact, After Bankruptcy,

There Are Some Debts You Have To Keep Paying. For Example, If You Have A Vehicle Or House Loan, It Must Be Listed In Your Bankruptcy, But If You Want To Keep The Vehicle Or The House You Must Pay The Loan.

**Myth 6: It's Hard To File For Bankruptcy.**

Not True. An Experienced Bankruptcy Lawyer Can Help With This Process. There Is A Lot Of Paperwork Involved, But Having A Skilled Attorney Makes The Process Much Smoother, Assists You In Filing The Proper Papers, And Helps You Keep As Much Of Your Property As Possible.

With Our Help The Bankruptcy Filing Is Easy. The Decision To File May Be Hard, But Once You've Made Up Your Mind Filing Is Easy.

**Myth 7: You Will Never Be Able To Own Property Again.**

Not True. In The Future, You May Buy, Own, Control And Possess Whatever You Want And Can Afford. There Are No Laws Preventing You From Buying Homes, Vehicles Or Household Furnishings. Many Of Our Clients Have Received Car Loans, Credit Card Offers And Have Been Extended Credit Right After The Discharge Of Their Bankruptcy. The Truth Is You Will Be Able To Purchase Whatever You Can Afford.

**Myth 8: You Will Lose Everything You Own.**

Not True. Most Of Our Clients Do Not Lose Anything. Bankruptcy Allows You To Keep Your Property. While Laws Vary From State To State, Every State Has Exemptions That Protect Certain Kinds Of Property. Using Florida As An Example, There Are Exemptions To Protect Such Things As Your House, Your Vehicle, Household Goods And Furnishings, IRAs, Retirement Plans, And The Cash Value In Life Insurance. In Some Cases, There Is Even A "Wildcard" Exemption Of \$4,000 Per Person That Can Be Applied Wherever You Want It. In Those Rarer Situations Where You Have More Property Than Can Be Protected By Available Exemptions, There Is Chapter 13. In Chapter 13, You Can Even Keep This Property By Making A Proper Chapter 13 Payment.

At The Same Time, Filing Bankruptcy Does Not Generally Wipe Out Or Get Rid Of Mortgages Or Liens Against Your Property. Therefore, If You Want To Keep A Car, Truck, Home Or Business Equipment That Serves As Collateral For A Loan, You Need To Keep Paying On The Debt. If You Make These Payments (And There Is No Equity Or If You Have Exemptions To Cover Any Value Above What Is Owed), You Can Rest Assured You Will Be Able To Keep These Items.

**Myth 9: Both You And Your Spouse Have To File Bankruptcy Together.**

Not True. You Can File Together Or Separately, It Is Your Choice. In Many Cases It Makes Sense For Husband And Wife To File Together (Both Have Significant Debt), But In Some Instances The Spouse Might Not Want To File.

This Is Absolutely Fine And Definitely Allowed By The Court. Moreover, If You And Your Spouse Have No Joint Debt, Your Filing Will Have No Impact On Your Spouse's Credit.

**Myth 10: You Can't Get Rid Of Back Taxes In Bankruptcy.**

This Depends. You Can Get Rid Of Income Taxes That Are More Than Three Years Old By Filing Bankruptcy. There Are Several Qualifications That Have To Be Met In Order For The Taxes To Be Wiped Out, But Having A Portion Wiped Out Is Better Than None At All. In Addition, Sales Taxes Must Be Repaid And Cannot Be Wiped Out By Filing Bankruptcy.

**Myth 11: You Can Only File Bankruptcy Once.**

Not True. You Can File For Bankruptcy As Many Times As You Like. Although, You Are Limited By How Often You Can Receive A Discharge. You Can Receive A Discharge From Chapter 7 Once Every 8 Years. You Can Receive A Discharge From Chapter 13 Every 2 Years. If You Get Discharged In A Chapter 7 You Have To Wait 6 Years Before Getting A Discharge From Chapter 13. If You Get A Chapter 13 Discharge Then You Need To Wait 4 Years To Get Discharged From A Chapter 7.

However, There Is No Waiting Period If Your Prior Bankruptcy Case Was Dismissed As Opposed To Discharged. You Can File Back To Back If You Choose With This Scenario.

**Myth 12: You Can Never Get Credit Again.**

Not True. As Crazy As It May Sound, You Are More Likely To Get Credit After You File, Then If You Do Not File. Filing Bankruptcy Gets Rid Of Debt. Getting Rid Of Debt Puts You In A Position To Handle More Credit. This Makes You Look More Attractive To Banks, Credit Card Companies And Other Lenders. Many Of Our Clients Have Received Credit Card Offers And Financed Vehicles Almost Immediately After The Bankruptcy. However, It Is Always Important To Be Careful And Only Borrow What You Can Afford.

At First, The Banks, Credit Card Companies And Other Lenders Will Want More Money Down And Will Want To Charge You Higher Interest Rates. However, If You Are Careful, Keep Your Job, Start Saving Money, Pay Your Bills, And Do Things That Put Good Marks On Your Credit Report, The Quality Of Your Credit Will Get Better And Better Over Time.

**Myth 13: Only Deadbeats File For Bankruptcy.**

Not True. Bankruptcy Is A Means For Good People Who Are Going Through Bad Times To Get Relief. Many Times People Have To File Because They Have Lost Their Job, Gone Through Divorce, Or Experienced Medical Illness. Bad Times Don't Make A Person Bad. Bankruptcy May Provide The Relief That Good Hardworking People Need To Get Them Out Of The Bad Time.

**Myth 14: Creditors Can Still Harass You If You File For Bankruptcy.**

Not True. When The Bankruptcy Is Filed, The Bankruptcy Court Issues An Order, Called The "Automatic Stay", Telling All Of Your Creditors To Cease All Communications And Collection Actions. Creditors Are Not Allowed To Contact You For Any Reason, Which Includes Calling Or Even Billing You. If They Persist In Harassing You Or Continue Their Collection Efforts, You Have The Right To Bring The Creditor Before The Bankruptcy Court And Be Compensated For The Damages. The Automatic Stay Is Very Powerful. Once You File For Bankruptcy, Creditors Must Leave You Alone Or Suffer The Consequences. No More Phone Calls. No More Collection Letters. No More Lawsuits.

**Myth 15: Filing Bankruptcy Causes More Family Trouble And Divorce.**

Not True. Bankruptcy Eliminates Debt And Relieves Financial Stress. Filing Bankruptcy May Be The Solution To The Problem, Not An Additional Problem.

The Problem Is The Inability To Pay Your Bills And To Provide For Your Family. This Inability Causes Significant Stress And Unless Action Is Taken, May Lead To Marital, Medical Or Employment Problems. Bankruptcy Is Designed To Eliminate Or Reduce Your Debt, Protect Your Property And Reduce The Stress.

Although Making The Decision To File Bankruptcy Might Be Difficult One, The Relief Provided May Lift A Huge Weight Off Of You And Let You Sleep At Night. The Absence Of Financial Stress May Give Your Relationship A Fighting Chance.

## CALL LOG

If You Are Considering Bankruptcy, There's A Good Chance Creditors And Other Debt Collectors Are Calling You. Their Tactics Can Make You Angry, Hurt Your Feelings, And Leave You Feeling Helpless. The Truth Is, You Have Rights And The Best Way To Protect Your Rights Is By Starting A Call Log Detailing Their Threats And Promises.

The Next Few Pages Are Designed To Give You A Format So You Can Record Each Interaction With



# COLLECTION COMMUNICATIONS LOG

**INSTRUCTIONS:**

1. **DOCUMENT** immediately every communication you have with any debt collector, whether by letter, by phone or by message. Make detailed notes of any conversations you have with a debt collector during the conversation. Keep this log next to your phone.
2. **SAVE** every single voice mail, answering machine, collection letter, and paper message. Don't throw anything away, including the envelopes that the collection letters come in or anything included with the collection letter.

Date of Call? (MM/DD/YY)	Time of Call? (00:00 AM)	How Many Minutes Did Call Last? (Approx.)	Phone Call, Voice Mail, Letter, Paper Message?	Collector's Name?	Collection Agency Name and Telephone Number?	What Did Collector Say? Amount Demanded? Payment Terms? Threats? Profanity? Harassment? Legal Action? Calls to Friends or Neighbors? Abuse? (Use as many lines or pages as needed)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						