

Steps if Bankruptcy is Inevitable

I recently read an article in MSN Money Magazine by Liz Weston, excellent article. There are certain things you must (and must not) do if you intend to file. And a wrong move could be incredibly costly.

The decision to file for bankruptcy is rarely an easy one. If you think you're likely to file, though, you need to take certain steps to make sure the process goes as smoothly as possible — and that you don't wind up in worse shape than you are now. That's because bankruptcy is a complex legal process, made more so by the Bankruptcy Reform Act of 2005. Even a small misstep could mess up your case and make relief more expensive or even impossible.

Game Plan-

1. Basically, there are two types of consumer bankruptcies:
 - Chapter 7 liquidation, which wipes out credit card and most other unsecured debt,
 - Chapter 13 reorganization, which allows you to keep more property but requires a five-year repayment plan.
2. Leave your retirement accounts alone.
3. Who do you owe? Make a list with name and amount owed.
4. Not sure? Run a credit report, it will list the names and amounts.
5. Get ready for a ton of paper work! Take this list to your attorney.
6. Locate a experienced bankruptcy attorney.
7. Get started now. Take all paper work to your attorney.
8. I know this sounds crazy but **Stop** paying debts that are likely to be discharged. Your attorney will help you.
9. Chapter 7 typically costs \$1,500 or more. (filing fees, attorney's fee, appraisal) Chapter 13 typically cost twice as much.
10. Cut up your credit cards.
11. Move cash if necessary.
12. Hey I know you want buy that new car, or a trip to the Italy DON'T!
13. Credit counseling is mandatory.