

Things to consider before filing for bankruptcy



- If you only have a few debts, it may be best to contact your creditors and work out a payment plan with them, rather than filing for bankruptcy.
- Bankruptcy can negatively affect your credit history for ten years, so you might have trouble getting new credit, a mortgage, rental housing, employment or insurance.
- Not all debts can be discharged through bankruptcy. Still to be paid are child support, alimony, student loans, recent-year income taxes, certain fines, traffic ticket penalties and others.
- Bankruptcy generally cannot discharge secured debts. Secured debts are backed by collateral. For example, a car financing loan is a secured debt where the car serves as the collateral.

If creditors are harassing you, federal and state fair debt collection laws can help you protect yourself from abuse by debt collectors.

Any unsecured creditor, such as credit card companies and hospitals, must file a lawsuit against you in court to collect the debt if you do not voluntarily pay it. If a lawsuit is filed against you, you will be served with copies of the court papers, and you can appear in court to tell the judge your side of the story. The court will decide how much money, if any, that you owe. A creditor cannot have you jailed for failure to pay a debt.

The Conejo Free Clinic Legal Clinic is endorsed by the Ventura County Bar Association.

Our bankruptcy attorneys are part of our all-volunteer Legal Team who generously give their personal time and professional expertise to help CFC clients free of charge every year.

Although the community's highest need is for bankruptcy help, our Legal Team provides assistance in most areas of the law, including family, civil and landlord-tenant, wills & trusts, and employment.

Our 44-year non-profit program is funded fully through grants and donations, and receives no government funding. If you would like to make a gift of any amount to support our often life-changing free legal services—to “pay it forward” for the next person needing legal help—please speak with our receptionist now or see the “Donate” button on the CFC website.

For further information about bankruptcy help free of charge from the Conejo Free Clinic Legal Clinic Program, please call (805) 497-3575; or visit www.conejofreeclinic.org.

We have some bilingual translation assistance, but also suggest bringing a friend or family member to help interpret.

This brochure is generously sponsored by a grant from the American College of Bankruptcy Foundation.

Visit online at
www.americancollegeofbankruptcy.com.



Bankruptcy Basics

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The Conejo Free Clinic Legal Clinic is pleased to provide you with this complimentary brochure with basic information on the bankruptcy process. It is not presented as any form of legal advice for your particular legal problem.

At no charge, our bankruptcy attorneys will meet with you and discuss your situation and potential options in the CFC's compassionate and non-judgmental clinic setting.



Bankruptcy Defined

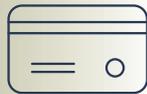


Bankruptcy is a court process that can help consumers eliminate overwhelming debts or establish a plan to repay them. Bankruptcy laws offer consumers a way to erase many financial obligations and start fresh.

It is important to remember that bankruptcy is not the best solution for everyone in debt. If you are thinking about filing for bankruptcy, professional advice and informed decisions are crucial.

To start a bankruptcy, a petition must be filed with the Bankruptcy Court. There are different kinds of bankruptcy that can be filed.

How will bankruptcy affect my credit?



A bankruptcy may appear on your credit record for ten years, making it harder to get credit during that time. But if you are considering bankruptcy, your credit may already be poor. If this is the case, filing bankruptcy can make it easier for you over time to get new credit, because many of your former debts will be discharged.

What is Chapter 7 Bankruptcy?



This is the most common type of bankruptcy and is usually the simplest. It is also known as "straight bankruptcy."

Here you can keep certain exempt property. Non-exempt property is turned over for sale to pay creditors. Most debts, but not all, are discharged in a Chapter 7 bankruptcy, which means you are no longer legally obligated to pay them. Eight years must pass from the date of a Chapter 7 bankruptcy filing before another Chapter 7 can be filed.

What property is exempt under a Chapter 7 Bankruptcy?

Exempt property, for example, can include personal property, household furnishings and life insurance. All exemptions have value limits. Many people only have exempt property and therefore do not have to sell any property to pay creditors during their Chapter 7 bankruptcy.

What is Chapter 13 Bankruptcy?



Chapter 13 bankruptcy is like a repayment plan. It may be an option if you have regular income but are unable to pay all of your debts. The Bankruptcy Court approves a plan for you to pay your debts in installments over an agreed upon time period. Under Chapter 13, you can generally keep all your property as long as you continue to make your installment payments.

What is Chapter 11 Bankruptcy?



In addition to Chapter 7 and Chapter 13, individuals may file for business reorganization under Chapter 11 of the bankruptcy code, or Chapter 12 for a family farm bankruptcy. Our bankruptcy attorneys can help you decide whether these types of bankruptcies are available and appropriate for you.