



Bankruptcy & Handling Debt

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Bedi Legal PC

The Legal Disclaimer





Negotiation / Settlement



Dealing with Debts

Target High Risk Debts

- Who has access to your accounts?
- Do they know where you work or bank?
- Do you have a good relationship?
- Are they going to take you to court soon?

Write Down Your Budget

Know what you are working with!

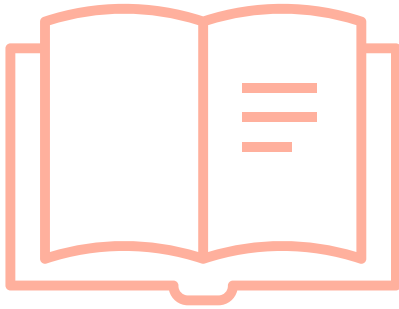
Build a Savings Account

- Even \$1 a day will eventually add up.
- Be Consistent so you have something to work with.

Set up your Financial Defenses

- Be careful with auto-pay
- Don't keep your bank accounts with your debts

Negotiation Timeline



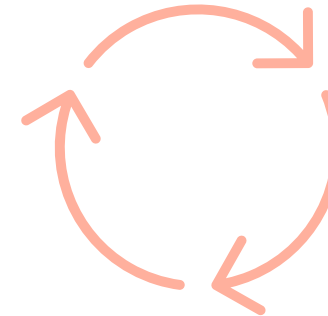
Research

- Get an idea of what you can afford
- -List Debts & Budget



Communicate

- Don't mention if you are considering bankruptcy
- Let them know you want to pay them as much as you are able
- Get the Final Settlement in WRITING



Repeat

- Work down the list of debts
- Settle one at a time or all at once depending on your budget & timeline

A woman with dark, curly hair is shown in profile, looking out over a vast ocean at sunset. The sky is filled with warm, orange and yellow hues, and the sun is low on the horizon. The woman is wearing a patterned sweater. A semi-transparent white box is overlaid on the lower right portion of the image, containing the word "Bankruptcy" in a serif font.

Bankruptcy

Common Phrases

Trustee

Oversees the bankruptcy case and represents the debtor's bankruptcy estate

Discharge

Court Order releasing a Debtor from personal liability for the debt

341 Hearing

Debtor answers questions under oath about their bankruptcy estate and current situation

Debtor

Individual(s) who file a bankruptcy case

Claims

Filed by Creditors to prove what they are owed so they can attempt to get some payment from the Trustee

Automatic Stay

Court Protection that stops creditors from taking collection activity against a Debtor

Exemptions

State-specific protections that protect a Debtor's belongings from their creditors



Bankruptcy Myths

- You can pick & choose debts to include
- You can't keep financed items (car, furniture, etc)
- You can't buy a house after filing
- Everyone will find out
- All Debts are wiped out

2 Common Types of Bankruptcy

Chapter 7

Liquidation-Style Case

Once every 8 years

Focus is on Assets

Lasts 4-6 months

Income Limitations

Not every debt eligible for discharge

Benefits of Both

Stops All Collection Actions
(Foreclosures, Garnishments,
Collections, Repossessions)

Puts YOU in control of fixing your finances

Chapter 13

Reorganization/ Consolidation
Style

Focus is on Budget

No income limitations

Lasts 3-5 years

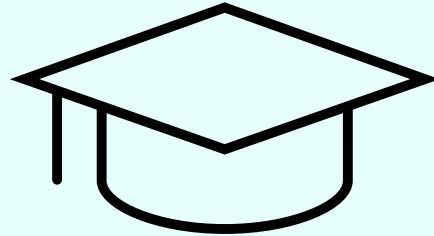
More debts can be resolved

More Flexibility

Non-Dischargeable Debts



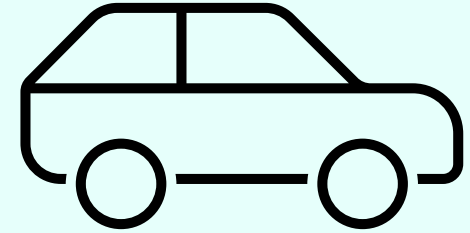
Personal Taxes*



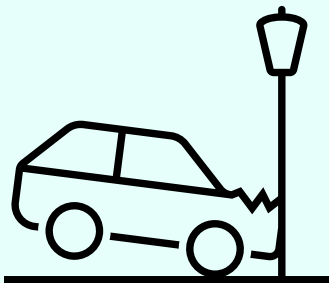
Student Loans



**Child Support &
Divorce-Related Debts***



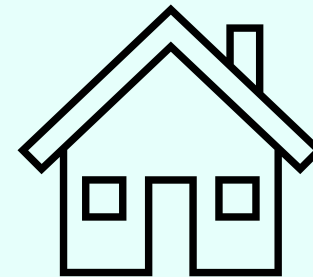
Recent Local Taxes



**Damages from Impaired
Driving**



**Repayment for Criminal
Charges / Restitution**



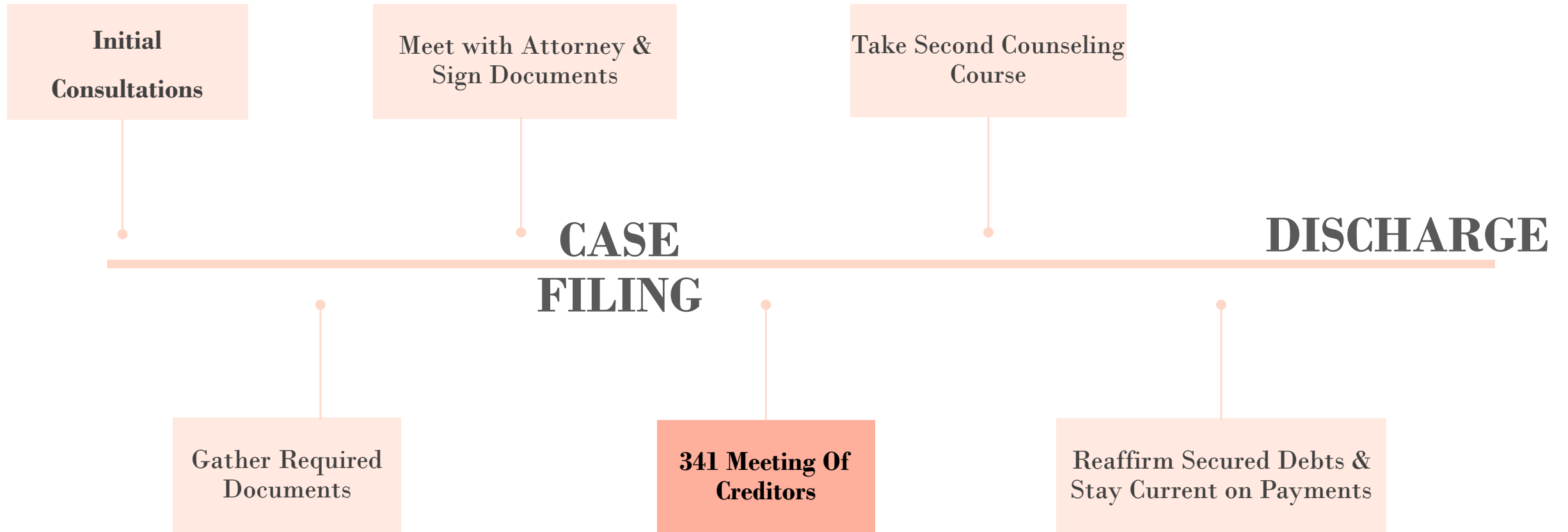
**HOA / Condo Fees incurred
after case filing**



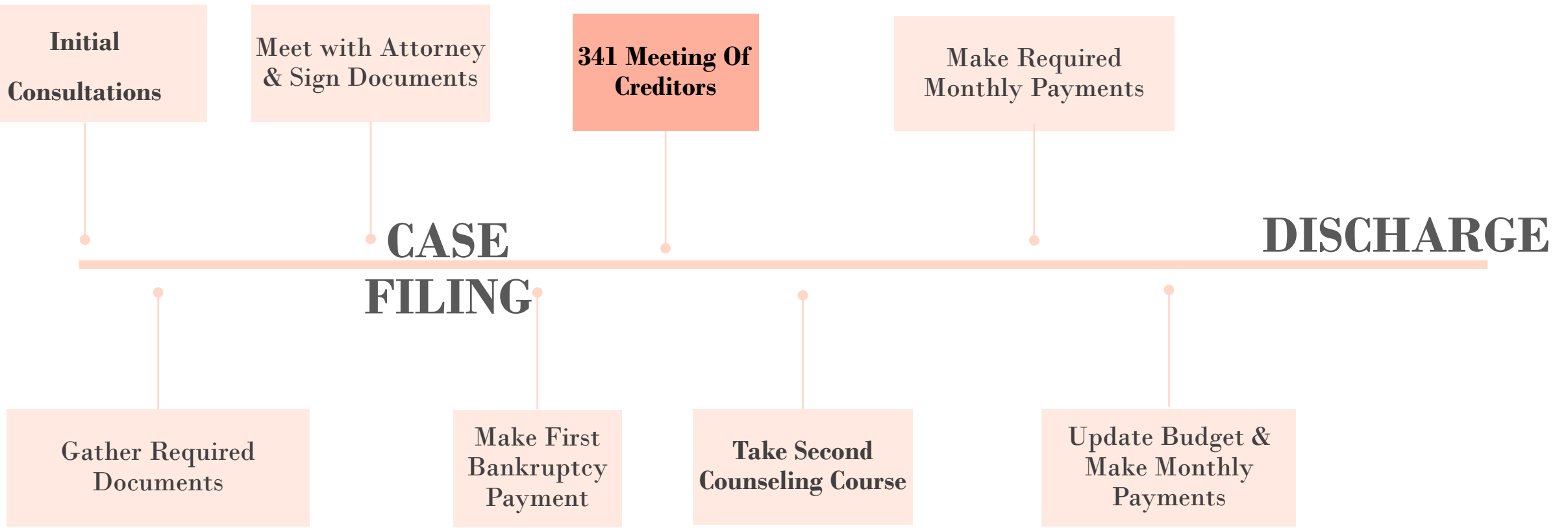
**Willful / Malicious Injury to
Another Person or Property**

Theft / Fraud

Bankruptcy Timeline – Chapter 7



Bankruptcy Timeline – Chapter 13



Thinking About Filing? Do this first

Talk to at least 2 attorneys

Find the right fit!
Don't settle for the first person you see

Stay Current on your car & house

If you are current now, try to stay current. This will give you more options when you file.

File Your Taxes

Bankruptcy Court Requirement

Don't max out your cards

This could keep your debts from being discharged

Don't make large transfers

Might remove future bankruptcy protections

Review your Numbers

Get an idea of your budget so you are prepared to build your savings as soon as possible





Summary

- Gather Your Documents
- Consider ALL Your Options
- Know your Budget
- Build Good Financial Defenses
- Don't wait – Be Proactive!



Questions?

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