

MISTAKES TO AVOID

CREDIT CARD RUN-UP

Don't use your credit cards once you have made your decision to file bankruptcy. Charges for luxury goods and services owed to a single creditor, totaling to more than \$500.00 within 90 days of filing, are presumed non-dischargeable and may be found to be due and owing. Cash advances totaling to more than \$750.00 for all creditors within 70 days of filing are also presumed non-dischargeable and may be found to be due and owing. Don't jeopardize your "fresh start" by running up your credit cards.

REPAY A FAMILY MEMBER

You cannot treat your family member any better than you would an ordinary creditor with regard to repaying debts. In fact, a bankruptcy trustee can reclaim any amount repaid to a family member within one year of filing bankruptcy.

LIQUIDATE YOUR RETIREMENT ACCOUNT

Retirement accounts are generally protected. You can eliminate your debt and usually keep whatever you have in a retirement account, free and clear. Many individuals drain their retirement accounts in a futile attempt to pay down credit card debt.

TRANSFER PROPERTY OUT OF YOUR NAME

A bankruptcy trustee can undo a transfer of property that previously belonged to you. This can occur if the transfer was made within four years of the filing of the bankruptcy with the intent to hinder, delay or defraud a creditor, or simply if a fair price was not received.

2nd MORTGAGE TO PAY DEBT MISTAKE

Don't take a loan against your real estate in an effort to reduce the equity. You can often file bankruptcy and not lose this valuable asset. If you take out a second mortgage to pay credit card debt, you may be putting your house at risk.

FAILURE TO TELL YOUR ATTORNEY THE WHOLE TRUTH

All communications between Attorney and Client are protected by the Attorney-Client Privilege. An attorney can only provide advice based upon information provided by the client. Failure to notify your attorney about your assets can lead to the loss of those assets, denial of your bankruptcy case, fines, imprisonment, or all of the above.