

10 Bankruptcy Mistakes to Avoid

1. Failing to list all Creditors

If you do not list a creditor, they may not be discharged. You should list all creditors, even if you have a co-debtor or intend to repay.

2. Getting a Second Mortgage Instead of Filing Bankruptcy

Many clients put off the inevitable by getting a second mortgage to pay off debt and then end up losing their home when they cannot afford the mortgage payments, or filing bankruptcy and being burdened by the second mortgage.

3. Waiting Too Long

It is human nature to put off unpleasant events. Wage garnishment, foreclosure and repossession can all be stopped by filing your case beforehand.

4. Reaffirming Burdensome Debt

Do not reaffirm (keep) loans that are unreasonable. Doing so will make it difficult or impossible for you to recover financially.

5. Failing to Provide Documents

Failing to provide required documents like your bank statements, pay stubs or tax returns.

6. Filing when you have a substantial Tax Refund pending.

The exemption for tax refunds are limited. You should discuss these with your attorney before filing.

7. Large credit usage shortly before Filing

If you have had significant cash advances, balance transfers or other large credit use within three months of filing, they should be discussed with your attorney beforehand. You should not use any credit cards once you decide to file.

8. Paying large amounts to family before Filing

These "preferences" can be taken back from your family member and distributed to all creditors.

9. Transferring Assets

Assets transferred in anticipation of filing bankruptcy may be recovered by the estate.

10. Missing the Hearing

If you do not attend your hearing, your case may be dismissed with costs to you. You must bring photo ID & proof of social security number to your hearing.

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