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ATTENTION HOMEOWNERS!



FOR FURTHER INFORMATION:

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During the past year, there have been many stories in the newspapers and on TV about how many homeowners have taken out mortgages that exceed the value of their homes to pay off credit cards and other debt.



With the housing market falling and the value of homes going down, you may have also heard stories about homeowners who are afraid of becoming homeless, and are wondering if bankruptcy would help their situation. Mortgage foreclosures are at an all time high, especially among low income people. Sometimes a bankruptcy can be used to help reorganize homeowners' debts so that he or she can save their home from foreclosure.

There are two kinds of bankruptcy available to most consumer debtors; Chapter 7 and Chapter 13.

-  Chapter 7 – the debtor discharges all of his debts.
-  Chapter 13 – the debtor makes monthly payments to a bankruptcy trustee to be distributed among his secured creditors, like mortgagees and companies that have financed the purchase of a car. Under this type of bankruptcy, the debtor gets more time to pay all of his debts off.



Bankruptcies must be filed in a special federal bankruptcy court. Normally, the cost to file is between \$274 and \$299. In order to be eligible to file for bankruptcy, the debtor must attend two debt counseling sessions; one before the bankruptcy can be filed, and one after it is filed.



It's not always easy to tell which Chapter, 7 or 13, is better suited to an individual debtor. Bankruptcy may not work for everyone but it does help solve some financial problems for many debtors. This information is provided by Florida Rural Legal Services, Inc. Our organization provides free civil legal assistance in 13 counties in Florida. We help with many types of legal problems, including evictions, foreclosures, employment problems, public benefits, and consumer problems.

