

## What are Some of the Advantages of Filing a Chapter 13?

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Generally, people want to file a Chapter 7 because it is simpler and less expensive and gets rid of the debt immediately. However, one real advantage to a Chapter 13 is if you are behind on a secured loans; particularly, such as a house or a car loan, that you can catch up with that payment and it can get factored into your payment plan for money that you are behind on your secured loan.

There is another advantage; which is if you don't have enough exemptions that is discussed or can be looked up under Chapter 7, it still allows you to keep property and it might under the exemptions of the Chapter 7.

Another reason that sometimes people file a Chapter 13 Bankruptcy is for foreclosures and repossessions. Again, it is the Automatic Stay on the creditors and gives you some time and effort in order to avoid having a house foreclosed on or repossessed.

You would stop the creditors from going forward with that once you have filed a Bankruptcy.

There would be a payment plan that you would have to do, but

it would give you some time and ability.

A fourth big advantage is in order to get rid of or strip an unsecured mortgage; there are certain requirements that are being met more and more and sometimes when your house is underwater or upside down and you have a second mortgage or an equity line of credit, if you can prove that the house is worth less than the second mortgage in there. The second mortgage can be treated as an unsecured debt and you can actually strip or get rid of your second mortgage, but you have to prove that there is no value at all, not a dollar in order to secure it.

There are also times that just your

income is too high in order to file a Chapter 7 based on the amendments that were made to the Bankruptcy Code.