



7 Mistakes To Avoid Prior To Filing Bankruptcy

David M. Siegel & Associates, December 13, 2005

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The actions that you take prior to filing bankruptcy can affect your ability to achieve a fresh start. There are seven critical mistakes that are often made by individuals. If these mistakes are avoided, successful results can be achieved when filing bankruptcy.

PR9.NET December 13, 2005 - The actions an individual takes leading up to filing bankruptcy can drastically affect his ability to get a "fresh start". By avoiding these seven mistakes, one can travel successfully through the bankruptcy process without losing a pound of flesh.

David Siegel, a Chicago bankruptcy attorney and member of the American Bankruptcy Institute, has guided his clients away from making these seven mistakes. Additional consumer bankruptcy information is cited at www.bankruptcylawyerschicago.com.

1. THE CREDIT CARD RUN-UP MISTAKE:

Don't use your credit cards once you have made your decision to file bankruptcy. Consumer debts incurred for luxury goods and services owed to a single creditor in excess of \$500.00 within 90 days of filing are presumed to be nondischargeable and may be found to be due and owing.

Cash advances of more than \$750.00 within 70 days of filing are presumed to be nondischargeable and may be found to be due and owing. Don't jeopardize your "fresh start" by running up your credit cards.

2. THE REPAY A FAMILY MEMBER MISTAKE:

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

3. THE LIQUIDATE YOUR RETIREMENT ACCOUNT MISTAKE:

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

4. THE TRANSFER PROPERTY OUT OF YOUR NAME MISTAKE:

A bankruptcy trustee can undo a transfer of property that previously belonged to you. This can occur if the transfer was made within two years of the filing of the bankruptcy with the intent to hinder, delay or defraud a creditor.

5. THE LINE OF CREDIT/SECOND 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.

6. THE FAILURE TO APPEAR AT COURT PROCEEDINGS MISTAKE:

If there's a collection case pending against you in state or federal court, don't assume that you can avoid the court process simply because you've decided to file bankruptcy. Until your bankruptcy case is filed, a collection case continues.

7. THE FAILURE TO TELL YOUR ATTORNEY THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH

MISTAKE:

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.

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About David M. Siegel & Associates

Chicago area law firm which concentrates in the areas of bankruptcy and divorce. Established in 1991, the firm consists of six attorneys with five locations.

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