

It can be hard to determine if filing bankruptcy is the right step when you have debt that you can't afford.

- How much is your debt? Bankruptcy can be expensive, the filing fee is \$338, and you will have to appear in court, so you may have lost wages, transportation costs, child care or other expenses.
- Can your debt be discharged in bankruptcy?
 - Generally debt like credit cards and medical debt can be eliminated. Debt that is attached to property, like a house or car, may be discharged, but you may lose your property.
 - Student loan debt is generally not dischargeable.
- Is now the time to file bankruptcy? If you are still incurring debt because your income is less than expenses and will continue to be after you file, then it might not be the right time. Otherwise, you will continue to be in debt, and you can't file another bankruptcy for at least 8 years.

What is the Difference Between a Chapter 7 & Chapter 13 Bankruptcy?

- Chapter 7 is for individuals who don't have any major property (like a house) and they are generally getting rid of credit card and medical debt. All debt that is included is removed.
- Chapter 13 is often for homeowners who have fallen behind and they are seeking to spread out their debt repayment over several years in an effort to save their home.

How Do I File for Bankruptcy? In Maryland, you go to the U.S. District Court of Maryland, <https://www.mdb.uscourts.gov>. The U.S. District Court is different than your county District Courthouse.

There are a lot of forms (known as schedules) that need to be filed -

- They can be found at <https://www.mdb.uscourts.gov/forms>, and include:
 - voluntary petition, application for individuals to pay filing fee in installments or application to have the Chapter 7 filing fee waived, summary of assets and liabilities, property, property claimed as exempt, creditors who hold secured claims, creditors who hold unsecured claims, executory contracts and unexpired leases, codebtors, income, expenses, declaration about an individuals' schedules, verification of creditor matrix, statement of financial affairs, statement of intention, statement of social security number, current monthly income and means test
- Documents to gather. To be able to complete all the necessary schedules, you'll need:
 - Tax returns for last 2 years
 - Proof of income, including pay stubs, for past 6 months
 - Bank statements
 - Car loan statements and Value of car
 - Credit Counseling Certificate
 - You must pay for and complete a credit counseling class and file the certificate.
 - List of Creditors
 - Request your credit reports from Experian, Equifax and TransUnion. You can request these for free from <https://www.annualcreditreport.com/index.action>.
 - It's important to get all because each might have different information.

This is not legal advice. To get free legal help visit:

WWW.MVLSLAW.ORG/FREE-LEGAL-HELP

Or call intake between 9 a.m. and 12 p.m. on Monday through Thursday at 1(800) 510-0050 or (410) 547-6537

What Is the Process?

- Once you file, the Court will schedule a Meeting of the Creditors.
 - You file with the Clerk's Office at the U.S. District Courthouse in Baltimore or Greenbelt.
 - You can file your Chapter 7 bankruptcy electronically through the Electronic Self Representation online tool, <https://www.mdb.uscourts.gov/pro-se/electronic-self-representation-esr>.
- You MUST attend this meeting.
- Chapter 7 Meetings are held virtually
- At this meeting, the Trustee will require you to go under oath, verify information you provided in your filing, and ask any questions that they have.
 - While a creditor can attend this Meeting, they rarely do.
- After your Meeting, if successful, your Trustee will issue a finding of no assets, and you will receive a discharge, eliminating your debt that was included in your bankruptcy. Before receiving your discharge, you must complete a second financial management course and submit a certificate of completion to the court.
- Bankruptcies, when filed correctly, usually take four to six months from filing to discharge.

How Does Filing Bankruptcy Affect My Credit?

- Generally, a Chapter 7 will impact your credit score for up to 10 years; Chapter 13 for up to 7 years.
- If the debt was reported as delinquent before you filed for bankruptcy, it will fall off your credit report 7 years from the date of delinquency.
- If the debt wasn't reported as delinquent before you filed for bankruptcy, it will be removed 7 years from the date you filed for bankruptcy.
- If you have substantial debts, especially debts in default, your credit history has already been negatively impacted. For many creditors, a bankruptcy that wipes the debt way will be considered a credit improvement.

What Are My Other Options to Tackle Debt?

- **Prioritize Debts:** It is important to know what delinquent debts immediately harm your family. Never pay smaller or lower priority debts just because you cannot keep up with high priority debts. If you don't have enough money to make full payments on high priority debts, try to negotiate with the creditor to accept lower payments or save the money to be used later to get caught up, to cover the initial costs of moving to a new residence, or to pay for another car if your car is repossessed.
 - Examples of High Priority Debts: Court judgment debt, Criminal justice debt, Automobile loans or leases, Rent payments for your residence, Utility bills, Child support debts
 - Examples of Lower Priority Debts: Medical debt, Credit card debt, Debt owed to friends and relatives, Private student loans, Debts you owe as a co-signer, Deficiency actions after your car is repossessed, Charge accounts or other debts owed to merchants, Small loans even when they take household goods as collateral

The Bankruptcy Court operates a Debtor Assistance Project (DAP) that can provide a free 30-minute consultation for debtors without an attorney. To schedule an appointment visit <https://www.mdb.uscourts.gov/programs-services/debtor-assistance-project>. You can also apply for Chapter 7 bankruptcy assistance through MVLS at the intake information below.

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