



 ***What is Bankruptcy?***

A bankruptcy is a legal petition filed in federal court, which you may use to seek “discharge” of debt when you cannot pay your bills. There are two main types of bankruptcy for individuals: Chapter 7 and Chapter 13.

 ***Where are the Bankruptcy laws found?***

They are contained in federal law, specifically Title 11 of the United States Code. There are also local rules of bankruptcy procedure.

 ***When should I consider filing a Bankruptcy?***

You should consider filing bankruptcy when you cannot pay your bills or when a particular crisis, such as an illness, accident or loss of employment makes the future payment of your bills very unlikely. Also, if a judgment is handed down against you, a bankruptcy may be used to stop the creditor from attaching your assets or wages.

 ***Can Bankruptcy stop collection of taxes?***

It depends. Taxes are normally given priority and are difficult to erase. Bankruptcy will initially stop the collection process but may not eliminate the obligation to pay the taxes.

 ***Does a Bankruptcy affect my credit?***

Yes. Future lenders may consider your bankruptcy when they are deciding whether to loan you money or credit. However, certain laws exist to prevent unlawful discrimination against you just because you filed for bankruptcy. The fact that you have filed for bankruptcy may be carried on your credit records for 10 years or longer in many cases.

 ***Are there different types of Bankruptcies?***

Yes. Bankruptcies are divided into types, also called Chapters. The four most common Bankruptcy Chapters are 7, 11, 12 and 13. Chapter 7 Liquidation Bankruptcies are used most often when you have more bills that you can pay and there is little hope of being able to pay them. Certain of your assets are sold by a Bankruptcy Trustee and the proceeds are used to pay your creditors. Chapters 11, 12 and 13 all allow the debtors to reorganize their financial affairs and repay their debts under a bankruptcy court-approved plan. Chapter 13 is a process used to repay an individual's debts over 48 to 60 months. Chapter 11 is a bankruptcy that is used mostly by businesses and companies with large and complex debts. Chapter 12 provides relief for farmers.

 ***If I choose Chapter 7 liquidation, do I lose all my assets?***

No. Bankruptcy law lets individual debtors keep certain property that is not subject to attachment and execution under state law. These assets include some or all of the debtor's equity in his or her home-stead, household goods, a car, certain retirement plans and numerous other assets. Your bankruptcy trustee may sell other assets and distribute the proceeds to your creditors.



BANKRUPTCY *(continued from other side)*

\$ *Should I file my own Bankruptcy or should I use an attorney?*

Bankruptcies can range from the very simple to the very complex. What assets you keep or how long you can pay for the assets you wish to keep may vary based upon your personal situation. If you file your own bankruptcy, you must properly disclose the assets you wish to keep through bankruptcy. These are called "exempt assets." What property is considered exempt varies from state to state and laws can be very confusing. We suggest that you consult a lawyer knowledgeable in Bankruptcy practice for initial advice, even if you plan to complete the forms yourself. The Bankruptcy Court cannot give you legal advice.

\$ *How do I file Bankruptcy and what happens to me after I do it?*

The filing of any type of bankruptcy petition requires that you prepare schedules that list all of your assets and liabilities. You are also required to disclose your current income and monthly expenses. You must also answer numerous questions regarding your financial affairs – such as recent payments and transfers of your assets that you have made within the year before your bankruptcy. When these forms are completed, they are filed with the Bankruptcy Court.

After the forms are filed, a bankruptcy trustee is appointed to administer your case. You are required to provide all of your creditors with notice that you have filed bankruptcy. This form advises your creditors of certain things that they may and may not do during your bankruptcy case.

\$ *What is the cost to file a Bankruptcy?*

The filing cost differs based upon the Chapter of Bankruptcy you file. Currently, fees are \$299 for a Chapter 7, \$1,039 for a Chapter 11, and \$274 for Chapter 13. You may also have to pay quarterly fees to the United State Trustee.

\$ *How long does a Bankruptcy take? Do I have to attend a hearing?*

Chapter 7 bankruptcies require you to attend a meeting of creditors. If no objections are filed, the discharge can be entered in approximately 90 days. Chapter 13 bankruptcies take 48 months and may involve a number of hearings over an extended period with both the trustee and the court.

\$ *How do I find an attorney with experience in Bankruptcy matters?*

You can contact the State Bar of Nevada's **Lawyer Referral & Information Service** at **702-382-0504** (toll-free in Nevada at **1-800-789-5747**) or look in the yellow pages of your telephone directory. You can also ask friends and/or relatives if they can recommend a good lawyer. The State Bar's main office (see numbers listed below) can tell you whether or not an attorney is licensed in Nevada and in good standing. In some areas, volunteer lawyer organizations are available to help persons with little income file for bankruptcy protection.

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