

# Chapter 13's Co-Debtor Stay in New Jersey & Pennsylvania

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When you file a bankruptcy case, the automatic stay goes into effect. When you file a Chapter 13 bankruptcy, the “co-debtor stay” also goes into effect. The automatic stay prohibits creditors from pursuing collection efforts against you during your bankruptcy case. The co-debtor stay prevents debt collection from your co-debtor during your Chapter 13 case.

Below are a few important items to note about the co-debtor stay:

- The co-debtor stay is not available in a Chapter 7 filing
- Your co-debtor's liability for the debt is not altered or discharged in your bankruptcy
- If the debt was incurred in the “ordinary course of business” by the debtor and co-debtor, the stay does not prevent collection of the debt
- A tax debt that is not considered a consumer debt is collectible

The co-debtor stay is established pursuant to 11 U.S.C. §1301. In order for the co-debtor stay to apply, the following must occur:

1. The primary debtor files for Chapter 13 bankruptcy.
2. The debt is a consumer debt (incurred for personal, family, or household use).
3. The co-debtor is an individual.
4. The co-debtor must not become liable on the debt in the ordinary course of business.
5. The Chapter 13 case must not have been closed, dismissed, or converted to a Chapter 7 or Chapter 11 case.

If these 5 criteria are met, the co-debtor stay will remain in effect for the duration of the Chapter 13 plan.

*The attorneys at [McDowell Riga Posternock PC](#) provide New Jersey and Pennsylvania residents with experienced legal representation in bankruptcy matters. We assist consumers and business clients with significant debts in filing Chapter 7, Chapter 11, and Chapter 13 bankruptcies. If you are considering filing for bankruptcy protection, or you want to discuss options for dealing with your debt, please contact us at [856-528-3389](tel:856-528-3389). We also handle matters dealing with family law, consumer fraud, estate planning, real estate, personal injury, and debt collection.*