

Can bankruptcy save my house from foreclosure?

I'm behind in my house mortgage payments and the bank is threatening to foreclose. Can bankruptcy save my house?

The simple answer, common to many legal questions, is "it depends". Let's see what that means.

- **Filing bankruptcy will stop a foreclosure sale.** Then the question is, how can I keep that foreclosure stopped.
- **In a Chapter 13 bankruptcy, you get to pay off mortgage arrears (amounts you are behind in payments on mortgages) monthly over a maximum of five years (60 payments).** You have to be able to do that as well as pay current mortgage payments as they come due. If you do that over the life of the Chapter 13 payment plan, you come out the other side no longer in default on your mortgage payments.
- **You may also be able to lower your mortgage payments in the Chapter 13.** For example, If the value of your house is less than the balance owed on your first mortgage, then you can "strip the lien" from any junior mortgages, turning them into unsecured debt like credit cards, and then you no longer have to pay them to keep your house.
- Unsecured debt (like credit cards) will be paid through the Chapter 13 payment plan based on multiple factors that are too complex to cover here. The amount they will be paid can vary from nothing to 100%, often a quite low percentage.

Now you know the basics of keeping your home from foreclosure through bankruptcy. If you think this might be valuable for you, explore it with an experienced bankruptcy attorney in your area.

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