

## Arizona Bankruptcy Attorney: Dealing With House & Car Payments in Bankruptcy

By Attorney John Skiba

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With high unemployment and adjusting mortgage rates many people in Arizona have fallen behind on their house payments. Bankruptcy has many tools that can help people stay in their homes and get caught up on missed payments. Specifically, in a chapter 13 bankruptcy you will be provided three to five years to get caught up on missed house payments. However, once your bankruptcy case is filed, it will be necessary for you to continue (or begin) making the monthly house payment as it comes due.

While you are in bankruptcy you are generally protected from the actions of your creditors, such as foreclosure and repossession. However, with secured creditors such as your mortgage or car loan, if you don't pay the monthly payment as it comes due each month the secured creditor will likely file a written motion with the bankruptcy court asking for permission to proceed with a foreclosure on a home or repossess a vehicle.

As part of the decision making process when it comes to bankruptcy you should meet with a bankruptcy attorney to see what chapter of bankruptcy is right for your situation. For instance, if you are six months behind on your house payment, and the current payment is more than you can currently afford, you may want to look into surrendering the home through your bankruptcy case rather than trying to get caught up on the missed payments **and** making the regular monthly payment. Surrendering your home through bankruptcy will enable you to walk away from the home with no liability on any balance and you will be able to forgo any potential tax liability that you may incur in a short sale scenario.

The main issue I am trying to drive home in this post is if you are looking to file for bankruptcy and you want to keep your home or keep the car that you are making payments on, you need to plan on continuing to make the monthly payment as it comes due or the protection bankruptcy provides will be short lived.

Bankruptcy attorney John Skiba offers a free bankruptcy consultation to discuss your specific situation. Mr. Skiba can be reached at (480) 464-1111.