



Is There Life After Bankruptcy?

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Even when faced with a financial crisis, many people hesitate to declare personal bankruptcy, primarily because they think they'll never be able to take out a home mortgage, obtain a credit card, or buy a car again. They envision themselves having to pay bills through Western Union, and being unable to use a credit card to book a hotel room or purchase airline tickets.

Fortunately, that is not the case. Although a [Chapter 7](#) bankruptcy will stay on your credit report for ten years, it won't keep you from rebuilding your financial life.

First, when you get rid of your unsecured debt through bankruptcy, your credit score will actually improve (assuming that you're already more than 30 days behind on your payments anyway). Your credit reflects not only your credit history, but also the amount of debt you have... so the part of your score related to your debt will go up when your debts are discharged.

While obtaining an unsecured credit card may prove a bit difficult during your first year after bankruptcy, there are other options to help you get a card. It's a good idea to get a secured card as soon as you can after your bankruptcy is discharged - you'll have to pre-pay the card - but it will help you improve your credit score. Getting a secured card also frees you from having to use cash to pay bills.

It's also possible to buy a home just two years after bankruptcy, as long as you make all of your debt payments on time after the [discharge](#). You will probably pay a slightly higher interest rate than a buyer with a clean credit history, but you may be able to refinance at a lower rate after you have been in the home for two years.

Car lenders typically won't approve loans until your bankruptcy has been discharged for a year - but after that, you should be able to

find a lender that can finance a vehicle for you. If waiting a year is not an option, you can buy a car from a buy here, pay here dealership.

Life after bankruptcy can certainly be a challenge, but it is not as bad as most people think. You can reestablish your credit quickly, and within a couple of years, your life will be back to normal.

Jay S. Fleischman is a [New York bankruptcy attorney](#) and Managing Partner of Shaev & Fleischman, LLP. Jay is also the author of [The Consumer's Guide To Bankruptcy: The Truth About Ending Your Bill Problems And Getting Back The Good Credit You Deserve](#).

