

What Not to Do When Considering Bankruptcy

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One of the questions that arises when I am discussing bankruptcy as an option with people is 'what should I do or not do'? Well, as this blog isn't legal advice, I am not going to give a specific answer as to what anyone should do, but I can speak in general about things that someone who is contemplating filing bankruptcy should avoid.

1. Cash Advances: Cash advances of more than \$825 within 70 days of filing a bankruptcy petition are presumed non-dischargeable.

2. Luxury Goods: Purchasing more than \$500 worth of luxury goods within 90 days of filing a bankruptcy petition are presumed non-dischargeable.

3. Voidable Preferences: Payments to one creditor in preference to others within 90 days of filing a bankruptcy petition can be set aside. Yes, this can include money paid back to family members who loaned you money to fix your car or for some other critical necessity. The Bankruptcy Court doesn't care if one of your creditors is your mom, and she loaned you her rent money. This is something that should be taken seriously.

4. Hiding or Giving Away Assets: In the words of Nancy Reagan, "Just say NO.". As in, don't do it. Most people filing bankruptcy can keep the assets they want to keep, and if you don't get to keep them, you probably didn't really need them. One way to guarantee that you will lose a piece of property is to either fail to disclose it, or to get caught trying to hide it. Don't. Just Don't. Approach the Bankruptcy Court with honesty and integrity. Failure to do so can result in losing property you would have otherwise kept, or having your case dismissed without discharge (and possibly no way to refile for many years), or even jail time.