



Debts You Can & Cannot Erase with Bankruptcy

Here's how different debts are treated in bankruptcy:

Debts Dischargeable in Chapter 7:

- Personal loans – such as money borrowed from friends
 - Credit cards
- Repossession deficiencies
 - Auto accident claims
 - Health care bills
 - Judgments
- Debts from a Business
 - Leases
 - Guaranties
 - Negligence claims
- Tax penalties over 3 years old
 - Non priority taxes

Possibly Dischargeable in Chapter 7:

- Willful and malicious injuries to others
 - Embezzlement
 - Fraud or dishonesty
- Debts arising from breach of fiduciary duty

Note: Creditors must file suit promptly to contest the discharge of this claim.

Need Chapter 13 for:

Debt Limit: *Disallowed for debtors with unsecured debt over \$336,900 or secured debt over \$1,010,650.*

- Luxury purchases on credit within 90 days of filing
- Cash advances of over \$750 within 70 days of the filing date
- Debts for loans taken out against retirement accounts
 - Trust fund taxes
 - Child or spousal support
 - Fines, penalties, restitution
- Accident suits involving intoxication
 - Debts not listed – see below
- Penalties payable to the government other than tax penalties

- Student loans
 - Debts in prior bankruptcy and debtor was denied a discharge
- Taxes for years where return was unfiled or filed for less than 2 years
 - Taxes for which no return has been filed
 - Taxes first due within three years of the bankruptcy
- Taxes assessed within 240 days (8 months) of the bankruptcy filing.

"Assessed" means you did not file a return, so the IRS computed how much they think you owe

You're Invited to Call or E-mail.

"If you have questions about bankruptcy, foreclosure, credit card debt, loan modifications,

tax liens or other financial problems, please send your e-mail today to

rich@chicagomoneylawyer.com

RICHARD FONFRIAS, J.D.

Chicago's Financial Rescue & Bankruptcy Lawyer

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