



How Can a Chapter 13 Case Help Me Stop a Foreclosure?

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When a homeowner is faced with foreclosure, there are few feasible options available to stop the sale. Unless the homeowner can bring the delinquent payments current immediately or refinance the home, the best option for stopping the sale may be the filing of a Chapter 13 bankruptcy case.

As long as the case is filed before the foreclosure sale takes place, the sale will be halted, and cannot be rescheduled without the permission of the bankruptcy court judge. The debtor will be given the opportunity to propose a Chapter 13 Plan to repay the delinquent mortgage payments and other debts over a three- to five-year period. If the plan is approved, the debtor will make monthly payments to the bankruptcy trustee, who will then distribute the payments among the debtor's creditors. The homeowner must resume normal monthly payments on the mortgage after the bankruptcy is filed, in addition to making the trustee payments.

Among the other types of debts that can be paid through the Chapter 13 Plan are vehicle payments, furniture payments, taxes, and child support. The debtor's unsecured debts (credit cards, medical bills, personal loans) may be paid nothing or may be paid some percentage of what is owed, depending upon the debtor's income level and reasonable expenses.

If you have received a foreclosure notice and wish to save your home, it is important that you consult an attorney immediately. There are necessary steps that must be taken before a bankruptcy case can be filed, such as attendance at a credit counseling session, either online, by phone, or in person. There is also a great deal of paperwork that must be prepared before the case can be filed, and your attorney will

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be able to do a better job and get your case filed properly if there is sufficient time to do so before the date of the sale.

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