



Ten Things You *Must* Know, And The Mistakes You *Must* Avoid, In Solving Your Financial Situation

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1. You are not alone.

You may feel as though you are the only person going through financial difficulties, take our word for it, you are not. Last year alone, we met with over 500 people just like you, struggling with overwhelming credit card debts, mortgage payments, taxes, wage garnishments, etc. Our clients come from all walks of life, from accountants, secretaries, janitors, small business owners, and even lawyers.



2. Inaction is not an option.

You may feel hopeless and that it's easier to simply ignore your situation rather than deal with it. Maybe you have stopped opening your mail and answering your phone. Inaction can cost you. By ignoring your situation, you may expose yourself to lawsuits, wage garnishments, money taken out of your bank account, and liens placed on your property. You may feel like going back to bed and pulling the covers over your head, but it's not necessary and it won't do you any good. **Action conquers fear.** Reach out to us and we will help you.



3. You may qualify for Chapter 7.

Many people falsely believe that Chapter 7 is no longer available, or that if your income is above the state median, you do not qualify. Not true! Frequently, we file Chapter 7 for clients who make above the median income. Just like when you prepare taxes, there are many deductions you can take which can qualify you for Chapter 7. In addition, if you are an individual or small business owner where more than 50 percent of your debt was incurred for business purposes, you are not subject to the median income rule at all.

4. Chapter 13 v. debt consolidation.

Debt consolidation is a program where *all* of your debts are bundled together at a fixed interest rate and requires **100% repayment**. Chapter 13 is a 3- or 5-year repayment plan based on your income. A calculation is done taking into consideration all of your income and expenses. The amount left over at the end of the month is paid to the trustee who will make payments to your creditor. In most cases, only a **small percentage** of your total debt is repaid.



5. You *can* keep your property in Chapter 7

bankruptcy. California uses “exemptions” that let you keep most if not all of your property through bankruptcy. Most of our cases are “no asset” cases which means you keep all of your stuff while getting rid of your debt. If there are non-exempt assets, we can also consider Chapter 13 so that you can keep your property.

6. Who will find out?

Do you fear that everyone will find out that you've filed for bankruptcy protection? Don't worry. Your name will not be published in a newspaper, or announced on TV (unless you are a celebrity). Your employer will not be notified unless you owe your employer money and they are a creditor.



7. Can I afford bankruptcy?

It's a mistake to think you can't afford bankruptcy. Yes, the 2005 Amendments made filing for bankruptcy more costly. However, bankruptcy is probably the cheapest way to get out of debt once and for all. Chances are, your bankruptcy will cost less than just a few months of those payments you have been making on your credit card debt.

8. But I have to take credit counseling!

Yes. Everyone that files for bankruptcy must complete credit counseling. Once before filing and after filing. Credit counseling is nothing more than an online class that can be completed in less than 1 hour. So, please **don't let credit counseling scare you into not getting help.**



9. I'll never be able to get credit again.

First, ask yourself — how good is your credit now? If you are considering bankruptcy, you've already maxed out your credit, or you are about to. Once you file for bankruptcy, you can start to re-build your credit and enjoy the freedom that comes with being debt free. Most of our clients get offers for new credit cards and sometimes cars shortly after filing for bankruptcy. Why? Because the creditors know you can't re-file for bankruptcy for 8 years, so you're a safe bet.



10. It's important to have an “exit strategy.”

No one wants to file for bankruptcy — but they do so because it's necessary. It may be the only realistic option available to living debt free again. Before draining your hard earned assets, ask yourself “What is my exit strategy?” Will your actions lead to a debt free life? If not, you should consult with a professional first.

About Jeena & Jeff



Jeena and Jeff are bankruptcy attorneys with [JC Law Group PC](#). Our practice is focused on bankruptcy and debt settlement for individuals, families and small businesses. We care about you and your financial situation. We analyze each client's situation and offer solutions so that the you can make an informed decision.

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