

How to Become Debt Free

...And Re-establish your Good Credit

Dear Friend:

I am writing you this letter in response to your recent inquiry to let you know how much money you could save yourself by getting out of debt and then re-establishing a good credit record for yourself. If you would like to get out of debt and also regain your good credit status so you can get car loans, credit cards and mortgages, then please read this entire letter.

The name of our law firm is Staver & Gainsberg, P.C. Mr. Jared Staver and Mr. Neal Gainsberg are the founding partners. Staver & Gainsberg, P.C. is a law firm that concentrates in bankruptcy.

If you are reading this letter you probably have much more debt than you would like. In fact, you probably have more debt than you can handle. Credit card companies and other loan companies continually bombard you with offers and sales pitches to borrow more money. I know it sounds crazy, but these companies look for people who already have outstanding loans and then offer them even more money to borrow. They make it sound like it will be very easy to pay the loans back so that you will be convinced to borrow even more. They do things like offer low interest rates for the first six months or even no interest at all. Then they gradually increase the interest rate and your payment becomes too high to handle. You then find yourself borrowing from one source to pay another source. Soon you're in so far you don't know how to get out. Or maybe you think you have the situation under control but then you get sick or lose your job or go through a painful and expensive divorce. Whatever the reason, the loan companies who used to be your friends soon become your enemies. The balances on your loans become so high that each monthly payment goes completely toward interest and you don't even begin to pay off the principal you owe.

If you fall behind at all on your payments, the companies begin sending you threatening letters and then follow up with phone calls at all hours of the day. Soon you're in so deep you don't see any way out. You struggle just to pay your rent or mortgage along with your car note or other essential items and you barely have enough left to pay off the loan companies that are circling you like sharks.

If the above situation sounds at all similar to your own situation, then we can help you.

At this point you probably know you need to do something but you are not quite sure what. Or maybe you know what you need to do but you are afraid or just too overwhelmed to get started.

Hopefully, this letter will help you understand the bankruptcy laws a little better and how they can be the solution to your problems.

Bankruptcy is a right given to every American citizen. The right to file bankruptcy was provided for in the United States Constitution because people needed and deserved a fresh start. The United States Supreme Court has described bankruptcy as "a new opportunity in life, unhampered by the discouragement of pre-existing debt." You are no good to yourself, your family or your community if you are under the immense stress that comes from having too much debt. In order to help you understand the bankruptcy process a little better, we will answer some of the more common questions that come up about bankruptcy.

1) **Q. What is bankruptcy?**

A. Bankruptcy is a legal proceeding in which a person who cannot pay his or her bills can get a fresh financial start. The right to file for bankruptcy is provided by federal law, and all bankruptcy cases are handled in federal court. Filing bankruptcy immediately stops all of your creditors from seeking to collect debts from you.

2) **Q. What can bankruptcy do for me?**

A. Bankruptcy may make it possible for you:

- ✓ Eliminate the legal obligation to pay most or all of your debts. This is called "discharge" of debts. It is designed to give you a fresh financial start.
- ✓ Stop foreclosure on your house or mobile home and allow you an opportunity catch up on missed payments.
- ✓ Prevent repossession of a car or other property, or force the creditor to property even after it has been repossessed.
- ✓ Stop wage garnishment, debt collection, harassment, and similar creditor to collect a debt.
- ✓ Restore or prevent termination of utility.
- ✓ Allow you to challenge the claims of creditors who have committed fraud or who are otherwise trying to collect more than you really owe.

3) **Q. Should bankruptcy be considered only as a last resort?**

A. No. Many of your creditors spread the idea that bankruptcy is a last resort that should be considered in only the most serious circumstances. They tell you that because they want to keep collecting the outrageous interest charges you are paying them!

4) **Q. Will bankruptcy ruin my credit?**

A. Probably not. Another rumor that your creditors spread is that bankruptcy will ruin your credit for ten years. That is not true either. First of all, your credit is probably already damaged (or will be soon) because you have too much debt and cannot pay your bills on time. In fact, most of the time it is easier to borrow money after a bankruptcy because you now have the ability to pay your bills again. Your credit report will show that you are up-to-date on your bills such as your car or your house and it will show that you do

not owe a dime on the debts you included on your bankruptcy. Therefore, you will have more disposable income, which will make it easier to get more credit right away.

5) **Q. Can I actually re-establish good credit after I go through a bankruptcy?**

A. Yes you can! In my answer to the prior question I said that your credit will probably improve after a bankruptcy and that is correct. However, there will still be a lot of negative information on your credit reports. This negative information will include the bankruptcy itself as well as the negative credit history that occurred before your bankruptcy. Most people don't realize that the negative credit history that occurred before their bankruptcy will usually hurt them more than the bankruptcy itself. Therefore, even though you can get credit after a bankruptcy, your prior credit history will cause lenders to possibly charge you a higher interest rate.

6) **Q. When can I stop paying the creditors that I am including in my bankruptcy?**

A. As soon as you decide that you are going to file a bankruptcy. It would make no sense to give money to a creditor when you know that soon a bankruptcy will eliminate your debt altogether!

7) **Q. How do I stop bill collectors from calling me?**

A. As soon as you hire us to file your bankruptcy, you should inform your bill collectors to call us instead of you. If they continue to call you after you have correctly informed them not to do so, then they are violating the Fair Debt Collection Practices Act and can be sued.

8) **Q. What is the difference between a Chapter 7 bankruptcy and a Chapter 13 bankruptcy?**

A. In a Chapter 7 bankruptcy, you are eliminating your debts altogether whereas in a Chapter 13 bankruptcy, you are setting up a payment plan where you pay your debts off over time. However, a chapter 7 bankruptcy case now has a means test. If you make a certain amount over the median income of your state, taking into account your family size, you may not be eligible for a chapter 7 case.

9) **Q. Can I keep my house?**

A. Yes, you can usually keep your house. However, if you file a Chapter 7 bankruptcy and your house is worth a lot more money than what you owe on it, it could be sold to pay off some of your debts. In that instance, you can file a Chapter 13 bankruptcy, which allows you to protect excess equity in your home. This part of the bankruptcy law can get pretty complicated so make sure you consult with us so you know your options.

10) Q. Can I keep my car?

A. Yes, you can usually keep your car. However, if you file a Chapter 7 bankruptcy and your car is worth a lot more than you owe, then it is possible that your car could be sold to pay off some of your debts. In that instance, you can file a Chapter 13 bankruptcy, which will allow you to protect excess equity in your car. Again, this part of the bankruptcy law can get fairly complicated so make sure you consult with us.

11) Q. What if I don't want to keep my car?

A. You don't have to. Many times your car can be worth less than what you owe on it, or you may just not want to keep paying on it. In that case, you can simply elect to stop making your car payment and give your car back to the financing company.

12) Q. What else should I know?

A. Utility services - Public utilities, such as the electric company, cannot refuse or cut off service because you have filed for bankruptcy. However, the utility can require a deposit for future service and you do have to pay bills that arise after your bankruptcy is filed.

Discrimination – An employer or government agency cannot discriminate against you because you have filed for bankruptcy.

Driver's License – If you lost your license solely because you couldn't pay court-ordered damages caused in an accident, bankruptcy will allow you to get your license back.

Co-signers – If someone has co-signed a loan with you and you file for bankruptcy, the co-signer may become legally responsible for paying your debt.

13) Q. How do I find a bankruptcy attorney?

A. As with any area of the law, it is important to carefully select an attorney who will respond to your personal situation. The attorney should not be too busy to meet with you individually and to answer questions as necessary. You should carefully read retainers and other documents the attorney asks you to sign. You should not hire an attorney unless he or she agrees to represent you throughout the case.

Paying for debt counseling is almost never a good idea. There is almost nothing that a paid debt counselor can offer other than a recommendation about whether bankruptcy is appropriate and a list of highly priced debt consolidation lenders. There is no good reason to pay someone for this service. A reputable attorney will generally provide counseling on whether bankruptcy is the best option. This avoids the double charge of having to pay a

counselor and then an attorney. If bankruptcy is not the right answer for you, a good attorney will offer a range of other suggestions.

Document preparation services also known as “typing services” or “paralegal services” involve non-lawyers who offer to prepare bankruptcy forms for a fee. Problems with these services often arise because non-lawyers cannot offer advice on difficult bankruptcy cases and they offer no services once a bankruptcy case has begun. There are also many shady operators in this field who give bad advice and defraud consumers.

When first meeting a bankruptcy attorney, you should be prepared to answer the following questions:

- What types of debt are causing you the most trouble?
- What are your significant assets?
- How did your debts arise and are they secured?
- Is any action about to occur to foreclose or repossess property or to shut off utility service?
- What are your goals in filing the case?

14) Q. How can I afford to pay a bankruptcy attorney, if I don't even have enough money to pay my debts?

A. **If you use our firm to file your bankruptcy, we will be happy to set you up on a payment plan so you can pay your bankruptcy fee over time.** You should also remember that, as soon as you decide to file bankruptcy, you can stop paying on all the debts that you will include in your bankruptcy.

I hope this information helps you to understand the bankruptcy laws a little better and removes any fear you may have about them. If you have any further questions please feel free to call our office directly at (312) 422-1130. Also, please visit our website at www.stavergainsberg.com. **Staver & Gainsberg, P.C. is a Debt Relief Agency that helps individuals file for bankruptcy under the Bankruptcy Code.**

Thank you for considering our law firm to help you solve your financial challenges and I wish you the best.

Sincerely,

STAVER & GAINSBURG, P.C.

Neal Gainsberg
Jared Staver
Attorneys At Law

P.S. If you would like a free phone consultation regarding your particular situation please call us at (312) 422-1130. Our office address is 120 W. Madison, Suite 520, Chicago, Illinois, 60602.