

## Bankruptcy Comparison Chart: Chapter 7 vs Chapter 13

Type of Debt	Chapter 7	Chapter 13
<b>Unsecured debt</b> Credit card, medical bills, car repossession, personal loans	Most debt is not paid back	1% to 100% paid back - Depends on plan
<b>Secured debt</b> Car	Can keep vehicle if payments <u>current</u> and equity* position low; if kept, payments made directly to lien holder; can surrender without penalty	Missed payments paid back in plan; if car kept, payments consolidated with other debts; can surrender vehicle
<b>Secured debt</b> House	Can keep house if payments <u>current</u> & equity* position low; if kept, payments made to mortgage company; can surrender without penalty	Late payments put in plan; main purpose of chapter 13 is to help keep house; regular payments made to mortgage company
<b>Secured debt</b> Furniture	Can usually keep; if kept, payments made to lien holder; can turn in without penalty	If kept, late payments and regular payments in plan; can turn in without penalty
Pending lawsuit and garnishments	Stopped by filing	Stopped by filing
Pending foreclosure		Stopped by filing
Harassing phone calls	Stopped by filing	Stopped by filing
Length	Usually over in 4 to 6 months	Lasts 3 to 5 years
Filing fee	\$299.00 paid up front	\$274.00
Attorney's fee	\$1000.00 (\$500.00 up front)*	\$4000.00 + paid in plan over 36- 60 months
Examples	Person with several thousand dollars owed in credit card bills and/or medical bills; person facing lawsuit and garnishment arising from car repossession	Person with several months behind on home or car note facing foreclosure or repossession; payment of back taxes
Advantages	Gets rid of unsecured debt totally; case concludes in 4-6 months	Allows debtor to save house or car when behind; very inexpensive to start case
Disadvantages	Attorney's fees and filing fees (\$1300.00) must be paid in full within 60 days of filing; stays on credit report for up to ten years	Debt is paid back in payment plan that lasts 3 to 5 years; stays on credit report for seven years

\*equity - you can calculate your "equity position" in your home or car by the following formula: (market value of home/car - loan payoff) = equity position. In other words, your equity in an item is how much cash you would keep if you sold your home/car and paid off all of the loans.

\*Balance of attorneys fee due within 60 days of filing.