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Bankruptcy Mistakes to Avoid

<u>The actions you take before filing bankruptcy can affect your ability to get a fresh start.</u>
<u>Avoid these mistakes and you'll have a successfully bankruptcy</u>

1. **<u>RUNNING UP YOUR CREDIT CARD</u>**

Don't use your credit card once you decide to file bankruptcy. Charging luxury goods and services over $500.00 within 90 days of filing is presumed fraudulent and you may end up paying these charges back. Cash advances over $ 750.00 within 70 days of filing are also presumed fraudulent and may survive your bankruptcy. Don't jeopardize your "fresh start'' by running up your credit cards.

2.**<u>REPAYING FAMILY MEMBERS OR FRIENDS:</u>**

You cannot treat your family members or friends any better than your other creditors. You cannot repay your family members or friends instead of paying your other creditors. A bankruptcy trustee may be able to take back any money repaid to a family member or friend within one year of filing bankruptcy.

3.**<u>LIQUIDATING YOUR RETIREMENT ACCOUNT:</u>**

Retirement accounts are generally protected in bankruptcy. You can eliminate your debts AND still keep whatever you have in a retirement account. Many individuals drain their retirement accounts in a futile attempt to pay down credit card debt.

4.**<u>TRANSFERING PROPERTY OUT OF YOUR NAME:</u>**

A bankruptcy trustee can undo a transfer of property that previously belonged to you. If you make a transfer within four years of the filing of the bankruptcy with intent to hinder, delay or defraud a creditor, or if you simply did not receive a fair price, this property can be brought back into your bankruptcy estate.

5**<u>.GETTING AN HOME EQUITY LOAN OR 401K LOAN TO PAY DEBT:</u>**

Don't take a loan against your real estate or retirement account in an effort to pay your debts. You can often file bankruptcy and not lose these valuable assets. If you take out a home equity loan to pay credit card debt, you may be putting your house at risk. If you take out a loan against your 401k to pay credit card debt, that is money you would not have had to pay back and it would still be available for your retirement.

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