

## Chapter 13 Bankruptcy

Chapter 13 of the U.S. Bankruptcy Code offers people a very flexible alternative to Chapter 7. Unfortunately, very few people, including most Attorneys, fully understand the vast Benefits which Chapter 13 has to offer.

Chapter 13, at its essence, is a consolidation of your debts into one affordable monthly payment. When most people think of consolidating their debts, second mortgages or credit counselors come to mind. Chapter 13, however, is very different from these traditional debt consolidation techniques. In Chapter 13, if your annualized income is less than the median income for a Family of your size, you will only be required to pay back to unsecured creditors the value of the non-exempt equity you have in your property. Moreover, interest and penalties will immediately stop accruing on the day you file your Chapter 13 Petition. No other form of debt consolidation reduces the principal amount of your debts and stops interest and penalties.

In addition, Chapter 13 Bankruptcy will allow you to keep all of your property including property that would otherwise be lost in a Chapter 7 Bankruptcy. Furthermore, you can keep your home, your car and other items of property even if you are behind on your payments. The only thing that you must be able to do to realize these benefits is to demonstrate to the Chapter 13 Trustee and the Bankruptcy Court that you are capable of making the monthly payment required by the Bankruptcy Code. Again, no other form of debt consolidation offers these types of benefits

Prior to filing your Chapter 13 Bankruptcy case, our office will help you create a budget setting forth reasonable expenses which will allow you to live a comfortable, but not extravagant, lifestyle. After deducting these expenses from your income, the amount which is left over will be paid to the Chapter 13 Trustee for a period of 36 to 60 months. Once you make all of the payments required under your Chapter 13 Plan, the Court will issue an Order Discharging all of your dischargeable debts. Thereafter, you will no longer be responsible for paying any balances remaining on those debts.

You can file a Chapter 13 Bankruptcy case regardless of whether you have filed a prior Bankruptcy action under Chapter 7. The length of time between your Chapter 7 Discharge and the filing of your new Chapter 13 case will determine whether you will receive a discharge in the subsequent Chapter 13 action. Nevertheless, even if you are not entitled to a Discharge, you can still stop garnishments, repossessions, foreclosures, utility shut-offs and any other collection activities.

This is just a broad overview of the benefits of Chapter 13 Bankruptcy. For more detailed examples of the benefits Chapter 13 Bankruptcy has to offer [click here](#).  
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