Published based on Should You Stop Foreclosure By Filing For Bankruptcy?

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When you are about to lose your home, you don't care about anything else. It consumes your every thought. The only way you will be able to relax is to get the foreclosure called off so you can go back to enjoying your home and your life. Well, as a last ditch effort there is a method available to stop foreclosure on your home.

As soon as you file, the foreclosure must be stayed and the bank cannot pursue any further collection action until the bankruptcy is dealt with. This allows you to come up with a plan to save your home by offering a modified schedule for paying your debts. The plan does not have to cover all of your unsecured debts, but it does have to get the approval of a bankruptcy judge before it can go into effect.

You can't file for bankruptcy until after you have completed credit counseling. This requirement serves the purpose of making sure that bankruptcy is really the only way you will be able to pay off your debts. The credit counseling company will work with you try to come up with a way for you to repay your debts without bankruptcy. Their proposed plan must be submitted when you file.

You are given fourteen days from the time you file for chapter thirteen bankruptcy until your proposed repayment plan has to be on file with the court. This window can enable you to go ahead and file if you need to get the foreclosure on your home stopped before you can finish your plan.

You will be required to attend a creditor's meeting, and all of the companies and people you owe money will have a chance to ask you questions. The purpose of this meeting is to give your creditors a chance to object if they do not feel you will be paying as much as you possibly could under the proposed plan.

After the creditor's meeting has been completed, your repayment plan will be reviewed by the court to make sure that it meets the requirements set forth in the bankruptcy code. It can take up to 45 days for approval, but you have to start making payments according to the terms of the agreement within 30 days.

The downside to using bankruptcy to avoid foreclosure is that sometimes it only postpones it, and then you end up with both a foreclosure and a bankruptcy on your credit. It is often difficult to stick to the repayment plan, and if you fail, you can still lose your home. But before you file chapter thirteen bankruptcy explore all possible options, talk to an experienced loan modification attorney first.

Call Janian and Associates for a free consultation with a Loan Modification Attorney.