

Published based on [Can Bankruptcy Stop Foreclosure?](#)

# Can Bankruptcy Stop Foreclosure?

For people who are huge into debt, foreclosure is a terribly real danger. Because homeowners are unable to pay back their mortgages, the banks can take away their home as collateral. Bankruptcy might seem like the best way to avoid a foreclosure, but does chapter 13 stop foreclosure?

The short answer is: yes, it can. Chapter 13 bankruptcy gives a way for people in debt to settle their debts, and maintain their homes. Continue reading this short article and I will demonstrate how you are able to prevent foreclosure and protect your home.

Chapter 13 is known as a "wage earner's plan." That is because it permits people to pay back what they owe. This is accomplished by a repayment plan. Debts could be reduced so they can return on their feet. Once they do, they will be still obligated to pay off their debts. If you are facing foreclosure, chapter 13 stops foreclosure. Compared with the other chapters, 13 specifically gives protection to people in debt.

To be eligible for Chapter 13, the 1st step is to submit a petition. Generally, as soon as you've filed a petition, you get an automatic stay. This is protection against foreclosure, and will permit you to retain your home while your petition is being evaluated. Once this is in place, it permits the person filing for bankruptcy to have some room to work with.

In just two weeks of filing for Chapter 13 bankruptcy, a plan has to be made. This plan will indicate how the individual would be able to pay off debts, and what must be accomplished to make this feasible. If the person's income is lower than what the debts are, the debts could be reduced. The general purpose of chapter 13 is to stop foreclosure, and enable the person to repay debts. If you are in debt and worry about losing your home, chapter 13 is a great way to acquire some temporary relief from the predicament.

Filing for Chapter 13 bankruptcy can be a nerve-racking and difficult procedure however. I strongly advise that you take advantage of bankruptcy services, because they carry out all the paperwork on your behalf. A lot of bankruptcy services offer free consultations, so you can determine if bankruptcy is right for you personally.

Check out: [best loan modification companies](#)

Related Article: [hamp loan modification program](#)