

Chapter 7 Bankruptcy FAQ:

What types of debts can chapter 7 bankruptcy get rid of?

These types of debts are typically able to be discharged:

- “Unsecured” debt (credit cards, personal loans, payday loans, etc.)
- Most court judgments
- Government benefit overpayments (as long as they are not the result of fraud)
- Unpaid rent

Certain kinds of debts are not typically able to be discharged, including the following kinds of debts:

- Student loans
- Most tax debts
- Government fines (like traffic tickets)
- Child support and alimony payments

My wages are being garnished or I am worried that a creditor may garnish my wages. Can bankruptcy help?

Yes, chapter 7 bankruptcy can stop and/or prevent wage garnishment in many circumstances. If the debt is dischargeable in bankruptcy, then filing bankruptcy is one option to stop/prevent wage garnishment.

D.C. law also protects wages up to 40 times the D.C. minimum wage each week from garnishment. If your wages are being garnished, or you are worried they might be, you may want to talk to a lawyer.

I was told that my government benefits are going to be reduced due to an “overpayment,” can bankruptcy help?

Chapter 7 bankruptcy can sometimes help with government overpayments. However, it is normally best to first try to resolve the overpayment through the agency’s appeal process.

If you have already tried and failed to resolve the overpayment with the agency, chapter 7 bankruptcy can often be used to discharge overpayments so long as they are not due to fraud. This may include overpayments for Social Security, unemployment insurance, Medicare, food stamps, and veteran’s benefits.

Doesn't filing for bankruptcy mean I will lose all my property, including my car and house?

Not necessarily. Even though chapter 7 bankruptcy is often called a “liquidation” bankruptcy (meaning you sell your property to pay your creditors), the law provides for “exemptions” that may allow you to protect most, if not all, of your property. In D.C., these include protection for homes and cars. Whether or not you can protect your car or house can be a complicated question, so if you are considering filing for bankruptcy and are worried about a car or house, it is a good idea to talk with a lawyer.

I am behind on my car payment. Can chapter 7 bankruptcy help me catch up?

Chapter 7 bankruptcy is not normally the best option if you are behind on your car payments and want to *keep* your car. Even though you can “discharge” the car loan, the loan holder is still allowed to repossess your car during the bankruptcy. If you want to give up your car, then chapter 7 bankruptcy can help you avoid owing the loan holder a “deficiency.” A “deficiency” is the difference between what the loan holder gets for your car at auction and the balance remaining on the loan.

I am behind on my mortgage. Can chapter 7 bankruptcy help?

Unfortunately, chapter 7 bankruptcy will not help you avoid foreclosure in the long term if you are behind on your mortgage.

If you are worried about foreclosure, there may be other options available to help you catch up on your mortgage. You can learn more about those options [here](#), or by consulting with a lawyer.

Can I leave some debts out of my bankruptcy if I don't want to discharge them?

You must list all of your debts in your bankruptcy and a chapter 7 bankruptcy will discharge *all* of your dischargeable debts. It is possible to reaffirm debts during a bankruptcy, but that is **not** generally a good idea.

I am about to be evicted for not paying my rent. Can chapter 7 bankruptcy help?

Yes and no. Filing a chapter 7 bankruptcy can temporarily stop an eviction proceeding and can be used in emergencies to keep you in your home. However, the landlord can still demand payment of the back rent within 30 days of filing for bankruptcy. If you aren't able to pay the past due rent, then the eviction can move forward. If you are a low-income tenant in danger of eviction, please reach out to Legal Aid to see what options may be available to you.

If you would like legal advice about your situation, you can contact Legal Aid. You can apply for our services by calling (202) 628-1161 on Mondays, Wednesdays and Fridays. You can also apply for help online.