

HOW DO I PAY FOR FILING BANKRUPTCY?

If you need to file bankruptcy it may seem overwhelming to figure out the answer to “How can I pay for bankruptcy?” You have living expenses to pay. You may be receiving collection letters. You may even be receiving threatening phone calls from collection agencies. You are broke. Everything that is going on in your life does not help you think clearly about how to pay for bankruptcy attorney fees and court costs.

Once you have met with an attorney and decided to file for bankruptcy relief the good news is that for many people coming up with the money to pay attorney fees and bankruptcy court filing fees may not be quite as hard as it might first appear. Some of the options to raise money to afford to file bankruptcy include:

1. If you are still making payments on debts that will be discharged (wiped out) in your bankruptcy then, after talking with your attorney, consider stopping your monthly payments to these creditors. Many people pay many hundreds of dollars (or more) each month on payments to credit cards, unsecured loans and other bills that will usually be discharged in bankruptcy. This money can be used to pay for your bankruptcy. You should check with your attorney about what debts are not dischargeable in bankruptcy.
2. Consider selling any items of property that you own free and clear that you do not need. If you have any unneeded living expenses, cut the expenses out.
3. Do you have a 401(k) plan that you could obtain a loan from? You would be borrowing money from yourself but at the same time there are few better investments than getting a fresh start financially from overwhelming debt.
4. Do you expect a tax refund? Many people get a tax refund each year and can use all or part of the refund to help obtain a fresh start by filing bankruptcy.
5. Are there family members or friends that can help? It is usually far cheaper for family or friends to help with paying for bankruptcy than helping you pay off all your debts.

6. Attorney fees for a Chapter 7 bankruptcy are usually much lower than for a Chapter 13 bankruptcy. In a Chapter 13, however, you may be able to pay all or part of your attorney fees through the Chapter 13 plan although this can depend on your attorney's policies and your specific situation. Chapter 13 cases, which generally last 3-5 years, do have a significant failure rate which, in my opinion, your attorney should discuss with you.
7. Last, in Kansas and some other states your creditors can garnish up to 25% of your wages once they obtain a judgment against you. In a sense, the least you should be able to afford to help pay for your bankruptcy if you have a job is 25% of each paycheck because that is usually what your creditors are going to be taking by wage garnishment anyway once they have a judgment against you.

The vast majority of people wanting to file bankruptcy can come up with the money to do so by rearranging priorities. Hopefully, the above list will help you afford to file for bankruptcy relief and answer the question "How can I pay for filing bankruptcy?"

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Depew Law Firm is designated as a Debt Relief Agency under U.S. bankruptcy law. We have helped people file bankruptcy in Kansas Bankruptcy Court since filing our first bankruptcy case in 1957.

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