

# WHAT NOT TO DO

## IF YOU'RE CONSIDERING FILING FOR BANKRUPTCY



If you're considering filing for protection in bankruptcy, there are a number of activities you need to avoid. Engaging in these activities can seriously compromise your ability to have certain debts discharged, subject you to further fines, and/or even cause the court to dismiss your bankruptcy.

# **DON'T CONCEAL ASSETS**



When you file for bankruptcy, the court will inevitably ask you to list all of your assets, whatever their character. Debtors may worry that they may be forced to sell certain assets to pay off creditors. The bottom line is, they might. However, the penalties for burying Grandma's silver service in the backyard will far outweigh the risk of having a bankruptcy court dismiss the case.

# DON'T RUN UP CREDIT CARD DEBT



Most debtors anticipate having the majority of their consumer debt (i.e. credit card bills) forgiven or discharged in a Bankruptcy proceeding. However, the court will conduct what's called a "90 day look back" for debt you incurred. If you go on a credit card spending spree in the months leading up to filing for bankruptcy, there's an excellent chance that a whopping credit card bill you racked up before filing won't be discharged.

# **DON'T** **GIVE** **THINGS** **AWAY**



Bankruptcy courts look for what's called fraudulent conveyances. Particularly suspicious are debtors who give assets to friends or family members leading up to a bankruptcy filing. The hope may be the bankruptcy trustee either won't find it, or the debtor has a secret agreement with the friend to return the property when the court proceeding ends. Large gifts given to spouses or children raise red flags as well.

# **DON'T** **BORROW AGAINST YOUR HOME**



A debtor might do this as a last ditch attempt to bring in cash to pay off debt. However, a debtor risks losing homestead exemptions they would otherwise benefit from in bankruptcy.

A bankruptcy lawyer can advise you before you file for bankruptcy to help ensure your activities don't compromise your case.