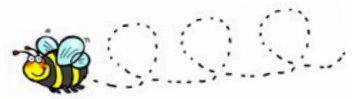




Minnesota Bankruptcy Buzz

KAIN & SCOTT P.A.

ISSUE 27 JUNE 2018



Bankruptcy News Minnesota Lawyers Can Use FACTS AND FIGURES

Minnesotans filed 923 Chapter 7 and Chapter 13 Bankruptcies in May, 2018. In May, 2017, Minnesotans had filed 928 Chapter 7 and Chapter 13 Bankruptcies. That is an decrease of .005%.

Thus far, in 2018, Minnesotans have filed 4,313 bankruptcy cases, compared to this time in 2017, Minnesotans had filed 4,215 cases. That is an increase of 2.32%.

Testimonial: "Life is just that again, my life. It's good to have it back. Thank you, Eric"



More Bankruptcy News You Can Use

COMMONLY ASKED QUESTIONS ABOUT SECURED DEBT AND BANKRUPTCY

For the last three weeks, I've tried to answer some very commonly-asked questions: what's the difference between chapter 7 and chapter 13 bankruptcy? The answer to that question is fairly easy - chapter 7 is a liquidation approach to money problems, while chapter 13 is a repayment program. And the mechanics of the two chapters - the preparation of a petition, schedules and statements, the filing of the petition and schedules, and the steps to obtain a discharge - are also fairly easy to explain. But since it's taken me four weeks-worth of blogs to cover this topic, it's the follow-up question "what's the best chapter for us?" is more complex. This week, I'll write some more about the differences between the two chapters.

SECURED DEBT: YOUR HOME MORTGAGE

One of the major distinctions between chapter 7 and chapter 13 is the way the two chapters deal with secured debt - such as car loans and home mortgages. In both cases, when a case is filed, the Bankruptcy Court issues an injunction - called the automatic stay - that prevents any creditor from taking any action to collect on a debt owed by the bankruptcy creditor. The automatic stay applies to all creditors - from the credit card company, to the Internal Revenue Service, to the bank that holds a mortgage on real estate. All collection must stop. But what happens with secured debt following a bankruptcy discharge in chapter 7 and what happens with secured debt in chapter 13 can be very different.

Let's look at real estate mortgages first. In chapter 7 cases, the filing of a bankruptcy case at least postpones any type of foreclosure proceeding.

And when the chapter 7 debtor receives his discharge, the debtor's personal obligation to pay his mortgage payment is discharged - that means that the mortgage company can't contact the debtor to remind him to pay the mortgage payment. But a chapter 7 discharge does not discharge the security interest the mortgage company has in the real estate.

[CLICK HERE TO CONTINUE READING](#)

Words to live by...

**"You must be
willing to do the
things today
others won't do,
in order to have
the things
tomorrow others
won't have."**

- Les Brown

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