

Can Filing Bankruptcy After a Foreclosure Sale Eliminate HELOC, HOA, and Credit Card Debt?

After a foreclosure sale, HELOC, HOA, and credit card (regardless of a foreclosure) debts are generally all unsecured (not secured by a lien on your property). Because of this, these debts can be discharged (eliminated) completely and quickly in a Chapter 7 bankruptcy, which would be the best choice if you qualify for it and if it's otherwise a good thing for you. Some of the key elements in considering a **Chapter 7** bankruptcy are:

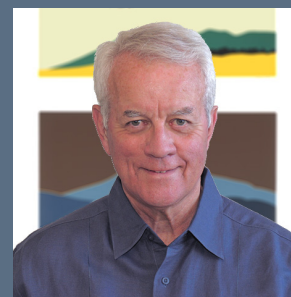
- Your last six months gross income (for the Means Test)
- Your looking-forward monthly net income less expenses
- Whether or not you would have to give up things to your creditors that you want to keep. This depends on what you have and California "exemption" laws.

If you don't qualify for a Chapter 7 or if you would have to give up too much to your creditors, a **Chapter 13** bankruptcy would also discharge these debts after completing a three or five year monthly payment plan in which those debts might be paid only in part. A Chapter 13 bankruptcy has its own set of requirements and considerations, a few of which are:

- Debt restrictions - The limit on unsecured debt is \$360,475 and the limit on secured debt is \$1,081,400.
- Income property operating with a monthly loss would probably have to be sold so your creditors could be paid more each month.

These elements and others for a Chapter 7 or 13 are often not straightforward. You should definitely consult with a qualified bankruptcy attorney in your area.

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