

Will bankruptcy ruin my credit (revisited)?

Three years ago I wrote a rather lengthy article titled *Will bankruptcy ruin my credit?* I re-read it this morning, made a few minor changes, but found that not much has changed since then about that question. **What prompted me to write this new (much shorter) article?**

It's the fact that **I still hear that question with great regularity**. Not much has changed about that either. What can I say about it other than simply give you a link to that prior article (which I will do)? I can lay out a summary of that long article and add an important point. Here goes...

- **Your credit is probably already bad and will get worse** if you don't do something to bring your accounts up to date.
- After bankruptcy, the negative items are removed and replaced by a notice of bankruptcy. That's **probably not as harmful to your credit rating as those things that were removed**.
- After you eliminate your debt in the bankruptcy, **your debt-to-income ratio is greatly reduced** and your credit score will increase as a result.
- After bankruptcy (only 3 to 3 1/2 months with Chapter 7), **you can actively start to improve your credit rating**.

Here's the "add on": Don't let your life be dictated by your credit rating, also called a credit score. I suggest that you have more important things to deal with in your financial life, like making sure you can put food on your family's table and a roof over their heads. If you're going to be looking for a place to live, you may have a bit of an issue with some landlords. Find one with whom there is no problem; my clients do that all the time. Want a loan to buy a car? I have clients who qualified for a car loan 1-to-2 years after their bankruptcy. Want to qualify to buy a house? I suggest that's probably pretty far down the road anyway considering the down payments that are required. This is just another way of suggesting that you keep your priorities straight.

If you want more detail about this subject, see the [prior article](#).

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