

## Glossary of Terms

**Abandonment**-The estate may abandon property back to you because of low value. We have even seen abandonment's on pets before. If you get a Report of Abandonment you can file it away and forget about it.

**Bankruptcy Estate**-A largely theoretical term referring to assets that can be taken from you to distribute to creditors (see No Asset below).

**Conversion**- Occurs when a case cannot continue as a Chapter 7 and must be moved into a Chapter 13 repayment.

**Creditor**-Any bank, credit union or other party to whom a debtor owes money.

**Creditor Meeting**-The one hearing you attend, also referred to as the Meeting of Creditors. Normally it is very short and creditors do not even show up since there is little or nothing they can do to collect from you or the bankruptcy estate.

**Debtor**-One who is in debt to another (this is you in the bankruptcy context).

**Discharge**-Refers to credit card, medical and other debt that you will never have to pay once you file bankruptcy.

**Equity**-How much you own of an asset. For example, if your home would sell for \$100,000, and you owe \$90,000 then you have \$10,000 in equity. If your car would sell for \$5,000 and you owe \$8,000, you do not have any equity. Owing more than the value of the asset, is often called being "upside down."

**Exempt**-Refers to assets that you get to keep when you file bankruptcy. As a practical matter, most people keep all their assets when they file bankruptcy given a reasonable amount of legal bankruptcy planning.

**Foreclosure**-The process lenders must go through to recover title to your home so it can be sold. If you are surrendering your home the bank will probably foreclose after you file bankruptcy, but you will discharge the debt from the home so you will owe nothing.

**No Asset**-Refers to a bankruptcy case in which the debtor (you) will not lose any assets to the bankruptcy estate. Most cases are No Asset.

**Petition**-The document we prepare at your first appointment and file with the Court. It includes all listings of all your assets, debts, income Etc.

**Pre-Acquisition Debt**-Debt acquired prior to the purchase of a home.

**Preference Payment**-Large payments made to family members within one year of filing bankruptcy. Preference payments can be recovered by the estate and distributed to all creditors. You should consult with counsel before making preference payments. Large payments made to non-family members can be recovered by the trustee if made within 90 days of filing, so you should consult with counsel if you have recently made such a payment. Normal home, car and other payments to secured creditors are fine.

**Reaffirmation**-The document secured creditors send us (and we forward to you) for you to sign indicating that you will continue to make your payments. Usually this is for your home or car. Not

all creditors use reaffirmations. In any case, it is important to make every payment on time for secured creditors if you intend to keep the asset.

**Redemption**-The bankruptcy code provides for your to pay off your car at the current wholesale value. This allows you to get a true fresh start and avoid paying more than your car is currently worth. If you are eligible, US Bank may be willing to finance your redemption through [www.722redemption.com](http://www.722redemption.com) and save you quite a bit of money. You can call toll free at 1-888-278-6121 even before you call our office if you want and find out if you will be eligible. If you are going to redeem, you should stop making payments to your old bank, since you will be paying them off the value as of the date of filing bankruptcy

**Secured Loan**-Home, car and similar loans where the creditor can foreclose or repossess if you do not pay. Hence, you can either keep your home or car and continue payments, or surrender and discharge all of that debt, even if they sell your car short.

**Substantial Abuse**-Concerns debtors who have too much income (given their expenses) to qualify for a Chapter 7 discharge.

**Surrender**-Giving a home, car or other secured property back to the creditor instead of reaffirming. If you surrender during a bankruptcy then you discharge all debt to the creditor.

**Trustee**-An attorney appointed by the Court to represent the creditors and examine you at your creditor meeting concerning availability of assets to the estate and accuracy of your petition