

# The Differences Between Chapter 7 and Chapter 13

**Chapter 7 vs. Chapter 13:** The biggest difference between Chapters 7 & 13 bankruptcies is the repayment of your debt. Chapter 13 bankruptcy involves a court-ordered repayment plan where a portion of your debt is repaid to your creditors. In a Chapter 7 bankruptcy, there is no repayment plan and certain debts can simply be eliminated.



## Bankruptcy Basics

Chapter 7 bankruptcy & Chapter 13 bankruptcy both serve the same purpose: to provide relief for your debts. While they ultimately serve the same goal, each Chapter's approach in achieving this goal is vastly different, and Ms. Greisman will explain the intricacies of each.

## Going Bankrupt: Repayment of Your Debt

The biggest difference between Chapters 7 & 13 bankruptcies is the repayment of your debt. Chapter 13 bankruptcy involves a court-ordered repayment plan where a portion of your debt is repaid to your creditors. In a Chapter 7 bankruptcy, there is no repayment plan and most debts can simply be eliminated without repayment.

## Length of Chapter 7 and Chapter 13 Bankruptcy Process

The second major difference between the two chapters is the time it takes to complete each chapter's filing process. While a Chapter 7 bankruptcy filing can be filed within 1 week and should be discharged/completed usually within 3-5 months, a Chapter 13 bankruptcy is a much longer procedure and usually lasts 3-5 years.

## Protecting Assets v. Possible Liquidation

Your assets are protected in a **Chapter 13 bankruptcy and the bankruptcy can even help you Save assets that are facing foreclosure or repossession** -- such as a house or car. Since a Chapter 13 bankruptcy is not a liquidation bankruptcy, you are able to keep your assets even if your state's exemptions do not completely protect them. In a Chapter 7 bankruptcy, your state probably has a specific exemption(s) to protect a portion or all of equity in your house or car.



Ms. Greisman will walk you through every step of this process long before you file your case. She will also discuss with you ways to save your home, car, and other assets during your free consultation. All possibilities will be discussed before your case is filed. You will know what your options are and what you qualify for. Know your options.