

# The Newsletter

# Faucher Law

Losing Possessions, Ruining Credit, Turning Into a Zombie

## Bankruptcy Myths Not to Fear

### Terrifying Myth #1: Your personal belongings are sold off.

Fact: The bankruptcy trustee only sells off items if he can make money. If he sells any household item, he has to give you the first \$675 he

makes, and then he has to pay his attorney fees. He's just not interested in your refrigerator or your sofa set. I have never heard of a trustee selling off any but the most extravagant personal belongings.

### Creepy Myth #2: Your personal finances are put on public display.

Fact: While you do have to divulge every detail of your finances, assets and debts in bankruptcy, and while your bankruptcy petition is a public document, it is highly unlikely your snoop neighbor will ever access your petition. First, he needs to sign up for a legal records database, such as Pacer.com, which generally only attorneys do.

Second, it's also necessary to pay to view a bankruptcy electronically – 10 cents a page. Unless you're as interesting as a Kardashian (now *that* is scary), it's unlikely anyone will go to the necessary trouble and expense to get a copy of your bankruptcy petition.

### Spooky Myth #3: You won't be able to get credit.

Fact: Many of my clients receive solicitations from credit card companies and mortgage brokers within months of filing bankruptcy. However, the interest rates on these offers are always higher than they would be in the absence of bankruptcy. Firms extending credit do price it taking the risk of default into account.

### Frightening Myth #4: The IRS will still come after you for tax debt.

Fact: You can discharge a lot of tax debt in bankruptcy. Once you do, the IRS and state tax authorities such as California's Franchise Tax Board cannot come after you for back taxes owed.

### Scary Myth #5: Filing for bankruptcy will ruin your life.

Fact: For most of my clients, it's one of the best things they've done. They get out from debts they cannot pay, and have an opportunity to start over again. Indeed, this is exactly what our legislators envisioned when writing our bankruptcy laws. Liberal bankruptcy laws stand in for the lavish social safety nets of other countries: when U.S. residents find themselves owing more than they can ever pay off, they can discharge their crushing debts and return to full participation in our economy.

### Most Popular Halloween Costumes

	KIDS	PETS
1	Princess	Pumpkin
2	Batman	Hotdog
3	Animal	Batman
4	Frozen	Devil
5	Star Wars	Bee
6	Zombie	Dog
7	Witch	Cat

Source: Chicago Sun-Times (2015)

Photo redacted for copyright issues

## THE FAQ FILE:

### WILL I BE ALLOWED TO KEEP MY HOUSE AND CAR IN BANKRUPTCY?

Generally, yes.

For instance, the California legislature grants debtors an exemption of up to \$5,350 for cars, and from \$75,000 to \$175,000 for home equity, depending on your status. This means that if the trustee sells your car, he has to give you the first \$5,350 before he can start making money for creditors.

Similarly, if your house were sold, you'd be entitled to your exemption amount (up to \$175,000) after your trustee pays off your mortgages and his real estate agent, and before creditors get a dime. That's why more than 99 percent of all debtors keep all of their assets, including such items as a house, car, and that vintage Batman costume that belonged to Great-Uncle Hank.

As always, you can find more legal tips and information at:

**johndfaucher.com**

To opt out of receiving our newsletter, just let us know: **818-889-8080**

## WELCOME TO FAUCHER LAW

**John D. Faucher**

worked for 10 years as an IRS trial attorney. He and his team speak the legal language. They know the **tax and bankruptcy** systems and can help you get the best results. Have other legal issues? Call us.

We'll find the lawyer who's right for you, your friends or family.

**818-889-8080**

**johndfaucher.com**



### Despite Scary Myths, Fear Not!

Halloween is just around the corner and I'm already anticipating a parade of **ghosts, witches, zombies and vampires** at my front door. All the spooky costumes and decorations remind me of how frightened many of my potential clients are when considering filing for bankruptcy. **So in this issue of The Newsletter**, I explain why the scariest myths about bankruptcy are nothing to be afraid of.

Joe Client  
456 Maple Street  
Santa Barbara, CA 93103

JOHNDFAUCHER.COM

**FAUCHER LAW**  
5743 CORSA AVENUE, SUITE 116  
WESTLAKE VILLAGE, CA 91362