

Comparison Chart Chapter 7 or Chapter 13, which is better for you

Type of Debt	Chapter 7	Chapter 13
Unsecured debt Credit card, medical bills, car repossession, personal loans	Most unsecured debt is not paid back	0% to 100% paid back - Depends on plan and equity in personal assets. Many people pay 0% back
Secured debt Car	Can keep vehicle if payments <u>current</u> and equity* position low; if kept, payments made directly to lien holder; can surrender without penalty	Missed payments paid back in plan; if car kept, payments consolidated with other debts; can surrender without penalty
Secured debt House	Can keep house if payments <u>current</u> & equity* position is low; if kept, payments made to mort. co; you can surrender without penalty	Arrerage payments put in plan; main purpose of chapter 13 is to help keep house or other secured debt when behind on payments;
Secured debt Furniture	Can usually keep; if kept, payments made to lien holder; can turn in without penalty	If kept, late payments and regular payments in plan; can turn in without penalty
Back Taxes	Income Taxes over 3 years old can possibly be wiped out	Income Taxes over 3 years old can possibly be wiped out. More current taxes can be put on repayment plan, and interest, penalties may be stopped
Pending lawsuit and garnishments	Stayed by filing	Stayed by filing
Pending foreclosure	Stayed by filing	Stayed by filing
Harassing phone calls	Stopped by filing	Stopped by filing
Length	Usually over in 3 to 6 months	Lasts 3 to 5 years
Filing fee	\$299.00 (FF)	\$274.00 (FF)
Attorney's fee	\$1500.00 Attorney Fee	\$2500.00 Attorney Fee
Examples	Person with several thousand dollars owed in credit card bills and/or medical bills; person facing lawsuit and garnishment arising from car repossession	Person who are several months behind on home or car note facing foreclosure or repossession; payment of back taxes
Advantages	Can get rid of unsecured debt; case concludes in 3-6 months	Allows debtor to save house or car when behind; possibly wipe out all or part of the unsecured debt
Disadvantages	You need to be able to get current on house and autos if you want to keep them; stays on credit report for up to ten years	Debt is paid back in payment plan that lasts 3 to 5 years; stays on credit report for seven years

**equity you can calculate your "equity position" in your home or car by the following formula:
(market value -loan balance=equity position.*

In other words, your equity in an item is how much cash you would keep if you sold your home/car and paid off all of the loans.

Kiser and Green, LLC
678-336-1432