

WHEN LIFE GETS LEGAL

Bankruptcy and Financial Fresh Starts

February 11, 2026
12pm - 1pm

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Session Notes

Below is a summary of the topics and items discussed on the February 11th, 2026, session of **Bankruptcy and Financial Fresh Starts**.

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SESSION TOPICS

Bankruptcy Basics | Chapter 7 Overview | Chapter 13 Planning | Common Myths | Life After Filing

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UNDERSTANDING BANKRUPTCY FUNDAMENTALS

Bankruptcy is a legal tool to eliminate or restructure debt, not a personal failure. 90% of bankruptcy clients fall into three categories: medical issues, divorce or separation, and loss of employment. Bankruptcy provides immediate legal protection through the automatic stay, which stops foreclosures, repossessions, garnishments, and collection calls. Free consultations with an experienced bankruptcy attorney are essential to understand all available options.

- **Secured Debt Definition:** Debt backed by collateral. If payments are not made, the lender can take the property. Examples: Mortgage, auto loan
- **Unsecured Debt Definition:** Debt not tied to any specific property. The lender cannot take an asset without court action. Examples: Credit cards, medical bills, personal loans

CHAPTER 7 BANKRUPTCY: COMPLETE LIQUIDATION

Chapter 7 provides a fresh start with no monthly payment plan, typically completed in 3-4 months with a discharge. Designed for individuals with limited assets and income who cannot afford to pay creditors back. Best suited for primarily unsecured debt like credit cards, medical bills, and personal loans. Secured debts (mortgage, car payments) must continue to be paid if you want to keep the asset, or can be surrendered without deficiency liability.

Retirement accounts like 401(k)s are completely protected - never liquidate these to pay debts before consulting an attorney. Virginia exemptions protect assets including \$50,000 homestead exemption per person (\$100,000 for married couples). Tenants by the Entirety (T by E) provides powerful protection for married couples - no individual creditor can attach to jointly-owned real estate.

CHAPTER 13 BANKRUPTCY: WAGE EARNER PLAN

Chapter 13 consolidates all debt into an affordable monthly payment plan lasting 3-5 years based on your budget. Requires steady income to fund the plan but allows you to keep assets with equity. Ideal for stopping foreclosure by incorporating mortgage arrears into the plan payment while becoming immediately current. Can restructure car loans by reducing interest rates and extending terms. Unsecured creditors may receive only pennies on the dollar based on what your budget can afford - remaining balances discharged at completion. Attorney fees are paid through the monthly plan payment. Includes child support arrears and certain tax debts that cannot be discharged in Chapter 7. Plan can be converted to Chapter 7 if circumstances change.

WHAT TO CONSIDER BEFORE FILING

Three critical factors determine which bankruptcy chapter is appropriate: assets, debts, and budget. Never file bankruptcy without an experienced attorney. Pro se (self-filed) bankruptcies and petition preparers frequently lead to devastating consequences including unexpected asset liquidation. Seek attorneys offering free consultations with fixed-fee pricing. Alternative solutions may be available including payment plans with creditors, loan modifications, or debt consolidation. Bankruptcy is a last resort but should be explored before making irreversible decisions like liquidating retirement accounts.

FILING PROCESS AND WHAT TO EXPECT

Initial consultation reviews your complete financial situation. Most clients are scheduled for a second "sign appointment" to allow time for careful consideration. Same-day emergency filings are available when facing imminent foreclosure or repossession. Upon filing, the automatic stay immediately protects you from all collection activities. Creditors must stop calling, garnishing, and pursuing legal action. Repossessed vehicles must be returned within 10 days. A trustee is assigned to oversee your case.

The 341 meeting with the trustee occurs 5-6 weeks after filing, typically lasting less than 5 minutes. For Chapter 7, completion of a debtor education course leads to discharge in about 3-4 months total. Chapter 13 requires consistent monthly payments for 3-5 years with ongoing trustee oversight.

COMMON MYTHS ABOUT BANKRUPTCY

Myth: I'll lose everything. Virginia exemptions protect most assets. Experienced attorneys only file "no asset" Chapter 7 cases or use Chapter 13 to retain assets with equity.

Myth: Bankruptcy ruins your future forever. Chapter 7 remains on credit for 10 years, Chapter 13 for 7 years, but recovery happens quickly. Most mortgage companies require 2-year separation from bankruptcy for home purchases. Credit scores typically increase 100 points within one year of Chapter 13 filing.

Myth: Only irresponsible people file. Medical issues, divorce, and job loss affect responsible, hardworking individuals. Bankruptcy provides necessary relief for people experiencing legitimate financial hardship.

Coming Up Next Month

Estate Planning 101:
Building the Foundation

March 11th, 2026
12pm - 1pm

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Myth: Bankruptcy erases all debt. Mortgages continue if you keep the home. Some tax debt, recent obligations, and child support survive. Chapter 13 consolidates most debts while Chapter 7 has specific limitations.

LIFE AFTER BANKRUPTCY

Credit rebuilding begins immediately through consistent payment behavior and strategic use of secured credit cards or authorized user status. The book "Good Credit is Sexy" provides comprehensive guidance on post-bankruptcy credit restoration. Budget discipline established through bankruptcy Schedules I (income) and J (expenses) provides framework for long-term financial stability. Chapter 13 filers can petition the court for permission to purchase vehicles or real estate during the plan period. Large purchases over \$15,000 require court approval in Chapter 13, but courts recognize legitimate needs for reliable transportation and home ownership.

SPECIAL CONSIDERATIONS

Student Loans: Recent changes allow discharge of public student loans through adversary proceedings examining factors like age, debt age, and repayment ability. Private student loans remain non-dischargeable.

Small Business Debt: SBA loans and COVID EIDL loans can be included in bankruptcy. Personally guaranteed business debt follows the individual even after business closure.

Timeshares: Generally treated as real estate and can be surrendered. Most have little to no value and trustees rarely pursue liquidation.

Marriage and Separation: Filing separately while married is possible but joint debts may still pursue the non-filing spouse. Divorce decrees don't protect against creditor pursuit of jointly-held debt.

KEY TAKEAWAYS

1. Bankruptcy is a legitimate tool for honest people experiencing medical crises, divorce, or job loss
2. Chapter 7 provides quick debt elimination for those with limited assets and income
3. Chapter 13 stops foreclosure, restructures debt, and protects assets through affordable payment plans
4. Free consultations with experienced attorneys are essential - never use petition preparers or file pro se
5. The automatic stay immediately stops all collection activity
6. Credit recovery happens faster than expected, often 100 points within one year of Chapter 13 filing
7. Never liquidate protected retirement accounts before exploring bankruptcy options

Q&A HIGHLIGHTS

1. How long does it take to pay off mortgage arrears to reflect on credit?

When you file Chapter 13, most mortgage companies report the account as "included in bankruptcy" and remove the deficiency balance from your credit report. The plan period is 3-5 years depending on the amount of arrears. Credit reporting accuracy is expected 3 months after discharge. At that time, Boleman Law Firm pulls free credit reports for clients and refers to Consumer Litigation Associates if mortgage companies continue reporting inaccurately, which has resulted in favorable settlements.

2. Are student loans included in bankruptcy?

Recent changes allow public student loans to be discharged through adversary proceedings filed within your bankruptcy case. The process examines factors including your age, the debt's age, and your ability to repay. While private student loans cannot be included, many clients are successfully obtaining partial or full discharge of public student loan debt. This requires specialized expertise, and Boleman Law Firm has dedicated attorneys focusing on student loan discharge.

3. Can rental arrears be dissolved in bankruptcy?

Rental arrears must be paid back in full in Chapter 13, similar to mortgage arrears. Filing stops unlawful detainer proceedings and allows you to pay arrears through the plan while staying current on ongoing rent. However, landlords are not obligated to renew month-to-month leases or leases expiring soon, even in bankruptcy.

4. If I have \$100,000 in equity in my house, will I lose it in Chapter 7 or 13?

In Chapter 7, equity protection depends on exemptions and ownership structure. You receive a \$50,000 homestead exemption, and married couples filing jointly get \$100,000 total. If the house is owned as Tenants by the Entirety with your spouse and your debts are individual, the equity is fully protected regardless of amount. In Chapter 13, you keep the house but your creditors receive through monthly payments what they would have gotten in Chapter 7 liquidation.

5. Can you still file for bankruptcy if debts aren't past due but you're barely affording minimum payments?

Absolutely. Many people file while completely current on all debts. If you can see there's no way out or anticipate falling behind next month, that's actually the ideal time to consult a bankruptcy attorney. Your credit hasn't been damaged yet from missed payments, and you can explore all options including alternatives to bankruptcy.

ABOUT OUR SPEAKER:



MATTHEW HAHNE | BOLEMAN LAW FIRM

Matthew Hahne is a partner at the Boleman Law Firm, the largest consumer bankruptcy firm in Virginia with offices in Virginia Beach, Newport News, and Richmond. The firm specializes exclusively in Chapter 7 and Chapter 13 bankruptcies for consumers. A Virginia Beach native and Granby High School graduate, Matt is passionate about helping people who have experienced financial hardship due to medical issues, divorce, or job loss. He emphasizes that bankruptcy is a tool for financial recovery, not a character failure, and works to reduce the stigma surrounding bankruptcy through community education.

DISCLAIMER: This summary highlights key webinar points and questions. For comprehensive details, view the full seminar at [LRSeminars.com](https://www.lrseminars.com).

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