

The Law Office of Allen W. Wood III

Call my office to schedule your consultation.

In Chapter 13, a debtor proposes a 3-5 year repayment plan to the creditors offering to pay off all or part of the debts from the debtor's future income. You can use Chapter 13 to prevent a house foreclosure; make up missed car or mortgage payments; pay back taxes; stop interest and penalties from accruing on your tax debt (local, state or federal); keep valuable non-exempt property and more. If you can stick to the terms of your repayment agreement, all your remaining dischargeable debt will be released at the end of the plan (typically three to five years). The amount to be repaid is determined by several factors including the debtor's disposable income. The total amount paid to unsecured creditors under the Chapter 13 plan must also be at least as much as such creditors would receive if the debtor files [Chapter 7 bankruptcy](#). To file Chapter 13 bankruptcy you must have a "regular source of income" and have some disposable income to apply towards your Chapter 13 payment plan.

Chapter 13 bankruptcy is generally used by debtors who want to keep secured assets, such as a home or car, when they have more equity in their assets than they can protect with their [North Carolina bankruptcy exemptions](#). Chapter 13 bankruptcy is a reorganization. It gets the creditors "off your back" and allows you to work out a repayment plan under court protection.

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