

# The Law Office of Allen W. Wood III

**Call my office to schedule your consultation.**

**Chapter 7** usually takes 3-4 months to complete once your case is filed. Generally Chapter 7 eliminates (discharges) unsecured debts such as credit cards, medical bills, personal loans etc.

If you have secured debts such as home loans (mortgages), vehicles loans, furniture or jewelry purchases, you must continue to pay these loans in order to keep the property. Certain other types of debts by law are not eliminated such as student loans, most taxes, and child support and alimony.

Chapter 7 is a liquidation proceeding. You are allowed to keep a certain amount of assets such as home equity, vehicle equity, household goods and other personal property. These are known as your "exemptions". In North Carolina these amounts are fairly generous, but if you exceed this amount then your bankruptcy Trustee can liquidate the excess and provide some payout to your unsecured creditors. The vast majority of the cases are "no asset" cases. There is nothing for the Trustee to distribute after subtracting liens and exemptions. People who do face a possible loss of assets in a Chapter 7 can often file Chapter 13 plan instead and keep the property by paying back some or all of their unsecured debt.

At the end of a Chapter 7 bankruptcy, you receive a "discharge", which officially eliminates your unsecured debts, and your case is closed out. If you have chosen to surrender a home or vehicle that you cannot afford to keep, those debts are also discharged but the creditor does get to liquidate the asset.

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