

How to Rebuild Your Credit After Bankruptcy

If you are worried about rebuilding credit after bankruptcy, this article will help you with some general advice about how to find your way back to the top.

What filing bankruptcy is all about

Bankruptcy is a process whereby a person in debt can crawl out from under it and start again. The idea is to help out those who are in dire financial straits, and are in debt over their heads. The result is that you do not have to pay back most of your debts, you are debt free and can move on. The drawback is that it leaves a nasty stain on your credit report for the next ten years, making it hard to reestablish yourself and recover.

Do I really have to wait another ten years before I can get a loan again?

No. As a matter of fact it is possible to get credit again. However, it will be a bit more difficult. One possibility is to get a protected or pre-paid credit card which can be used by depositing money into it, like a bank debit card. This can help you rebuild your credit again, and establish yourself. After a while it can help you start to get loans and credit again before the ten years is up.

What about my debts?

One good thing about filing is that it gets rid of the creditors once and for all. They won't be bothering you anymore. Once all the paperwork is in and processed, it is illegal for them to keep harassing you. You have the law on your side!

Will everybody know that I filed?

No. Very few will actually know about it. However, since the file is accessible to the public it will be visible on your credit rating, and will be kept on file for ten years.

What are the changes I've been hearing about?

The original laws were passed in 1978, and were revised in 2005. The general idea of the new legislation is to make people who CAN pay some of their debts pay. The laws were being abused by those who could have paid. Here are the major changes that went into effect last year:

- You have to meet certain requirements in order to be able to file bankruptcy. Your family income will be checked to ensure that it is below the state average. They also want to make sure that your family is able to make the regular payments.
- You are required to submit your last year's tax return, in addition to all the other paperwork.
- They also require that you have lived in the state in which you file for at least two years. The reason for this is that some states have more or less lenient laws.
- Child support and alimony and are the debts that have to be paid first.

Donald Harris is a publisher of Bankruptcy Legal Information. You can go to <http://www.1st-bankruptcy-lawyer.com/> for more.