



No Jail For This One

This little fellow didn't have to go to jail at the Shallotte Christmas parade; the Keystone Kop "trusty" was just saying hello.

STAFF PHOTO BY SUSAN USHER



Take A Bite Out Of Crime

Don Gates, crime prevention officers with the Brunswick County Sheriff's Department, and his sidekick McGruff remind Shallotte Christmas parade goers to "Take A Bite Out Of Crime."

STAFF PHOTO BY DORI C. GURGANIUS

What You Need To Know Before Filing Bankruptcy

The number of Americans filing for bankruptcy has risen dramatically in the past few years. According to U.S. court estimates, close to 725,000 bankruptcy petitions were filed last year.

But while the lure of a fresh start can be tempting, the North Carolina Association of CPAs cautions you against filing for bankruptcy before you understand the ramifications of that decision.

Your Credit Record

According to the association, the drawbacks of bankruptcy can be se-

rious. First and foremost, when you declare bankruptcy, this information remains on your credit record for ten years. During this time, it is difficult to take out a mortgage, obtain a loan, open a charge account, or otherwise arrange for credit. And lenders aren't the only ones likely to scrutinize your credit records. Employers often use credit records as a way to pre-screen applicants looking for a job and many landlords now check the payment history of prospective renters.

Before rushing into bankruptcy

court, it is important to take the time to examine your other alternatives and to be sure you understand what bankruptcy is all about. You might want to try to negotiate with your creditors. In many cases, you may be able to work out a reduced payment plan by convincing your creditors to allow you to make smaller payments over a longer period of time. As a general rule, your creditors don't want to see you file for bankruptcy because it means they will not get paid in full.

If you don't think you can handle direct negotiations with your creditors, you might consider turning to credit counseling. The Consumer Credit Counseling Service, a not-for-profit organization with offices around the country, is staffed with experienced counselors who will negotiate with creditors on your behalf, either for free or for a small fee. For a CCCS center in your area, call 1-800-388-CCCS.

Chapter 7 or Chapter 13

If all else fails and bankruptcy appears to be your only alternative, the Federal Bankruptcy Code gives you a choice between filing under Chapter 7 or under Chapter 13. Chapter 7, which accounts for about 75 percent of all bankruptcies, allows you to clear yourself of debt and start all over again. Chapter 13 is more like a reorganization procedure that allows you to pay all or a portion of what you owe over an extended period of time. Both chapters will immediately stop creditors from taking further action against you.

However, be aware that certain debts, including alimony and child support, and some student loans are not discharged under either chapter of bankruptcy. Similarly, most federal, state and local taxes cannot be discharged, although the tax authorities cannot collect from you while you are in bankruptcy.

In a Chapter 7 bankruptcy, most of your debts are cancelled. In return, you must surrender certain assets, which are sold by a bankruptcy trustee, to repay as much of your debt as possible. Once your debts are discharged, you are barred from filing for a Chapter 7 bankruptcy again for six years.

Since the intent of bankruptcy is to give you a chance to start over financially, bankruptcy law allows you to keep a certain amount of your property. Some property, such as jewelry valued up to \$500 and professional books or tools valued up to \$750, may be considered "exempt"—which means you do not have to surrender it to the bankruptcy trustee. You or your attorney should check your state bankruptcy laws since they may also specify the type and amount of property that is considered exempt.

Chapter 13 is a legal procedure that can help people whose debt has become unmanageable and who want to meet their financial obligations under the protection of the U.S. Bankruptcy Court. Chapter 13 enables you to restructure your debts so you can manage payments again. It may also permit you to repay creditors in full or in part over a three- to five-year period during

which creditors are barred from taking any action. This procedure, which is sometimes referred to as the wage-earner's plan, is designed for those who have regular income but are currently unable to make full payment on their debts.

Under the wage-earner's plan, you can keep your property in return for agreeing to follow a plan for repaying your bills. You are asked to submit a budget showing the bankruptcy court how much you can afford to pay each month after meeting basic living expenses. If the plan is approved, the bankruptcy trustee collects a certain amount of money from you each month and distributes it to your creditors. Chapter 13 is available only to individuals who do not owe more than \$100,000 in unsecured debts and not more than \$350,000 in secured debts.

The entire bankruptcy process usually takes less than six months. At the end of the process, you will receive a notice showing the debts that were discharged by the court.

The Aftermath

Life after bankruptcy means living without credit, at least for a while. You may want to consult with a financial planner to help you re-

structure your finances.

Your success in obtaining new credit hinges on your ability to convince creditors that you are now a good credit risk. At least initially, you will most likely have more luck in persuading local lenders to extend you a line of credit.

Once you've had an opportunity to save some money, borrowing against a savings account is another way to reestablish credit. After you have established your credit-worth-

ness to the bank, it may be willing to make other loans to you. And you can now use this bank as a credit reference.

Although bankruptcy should never be treated lightly, CPAs say it may be a viable alternative for those who cannot see any other way out of mounting financial difficulties.

This column on personal finance was prepared and distributed by the North Carolina Association of Certified Public Accountants.

BCC Sets Pilot Ground School

A pilot ground schools begins Tuesday, Jan. 7, sponsored by Brunswick Community College at its Southport campus.

The class will meet Tuesdays and Thursdays from 6:30 p.m. to 9:30 p.m. through March 26.

The classes are designed for individuals who want to learn how to fly an airplane.

Licensed pilots who want a review of program for their biannual flight review may also register.

All students may register at the first class meeting. The fee is \$30.

Tri-Beach VFD Sets Annual Meeting

Tri-Beach Volunteer Fire Department will hold its annual meeting on Tuesday, Jan. 28 at 7:30 p.m. Department officers urge all members to attend.

On the agenda will be election of the board of directors and fire chief along with other general business items. For business to be placed on the agenda contact Secretary Timmy Phelps at 842-6890.

The Department building where the meeting will be held is located on Sabbath Home Church Road near Holden Beach.

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Season's Greetings
from Danny Duncan and Staff

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