

How To File For Personal Bankruptcy And Life Afterward

Although declaring personal bankruptcy will enable you to rid yourself of most debt, it won't free you from all your financial responsibilities.

Before deciding to file for bankruptcy, the N.C. Association of Certified Public Accountants urges you to take the time to understand the bankruptcy process and to thoroughly review your alternatives under the Bankruptcy Code. This will give you a better understanding of how a bankruptcy filing will affect your current and future financial situation.

To begin the bankruptcy process, file a petition in bankruptcy court. You'll need to complete "schedules" or papers that contain information on the amount of your debt, your assets, income and other relevant information. Be sure these papers are as complete as possible. A debt that is not listed cannot be discharged, and failure to identify assets could be grounds for dismissing your case. Once a bankruptcy petition is filed, a court order will prevent creditors from taking action against you.

Bankruptcy Options
The Federal Bankruptcy Code gives you special personal bankruptcy options. The type you choose will depend upon your income, the type of property you own and the kind of debts you have.

The two most common filings are Chapter 7 or Chapter 13. If you have little or no steady income and a large debt, filing a Chapter 7 Bankruptcy may be the most expeditious route to getting yourself on sound financial footing.

However, it's not without consequences. For starters, once you file for Chapter 7, you lost control of your assets. A court-appointed trustee is responsible for disposing of your property and using the proceeds to pay back as much of your debt as possible. Any debt that is not paid off is usually discharged and you never have to pay it back.

Certain property is "exempt"—meaning it cannot be used to pay creditors. Under federal law, exempt

property includes \$7,500 in home equity; all household goods, such as appliances worth less than \$300 each; up to \$1,200 in automobile equity; and \$400 in other assets. These additions are doubled for couples who file joint tax returns.

In addition, creditors cannot tap into your life insurance policies, nor can they usually touch accrued pension benefits. Be aware that some states have additional laws regarding exempt property.

Chapter 13, on the other hand, requires bankruptcy filers to reorganize their debts and pay off some or all of their bills over a three-to-five-year period, during which creditors are barred from taking any action. Also, Chapter 13 filers are not required to sell property to pay off debts.

Filing under Chapter 13, which is sometimes referred to as the wage-earner's plan, is designed for those who have regular income but are unable to make full payment on their bills. It is limited to those who do not owe more than \$100,000 in un-

secured debts or more than \$350,000 in secured debt.

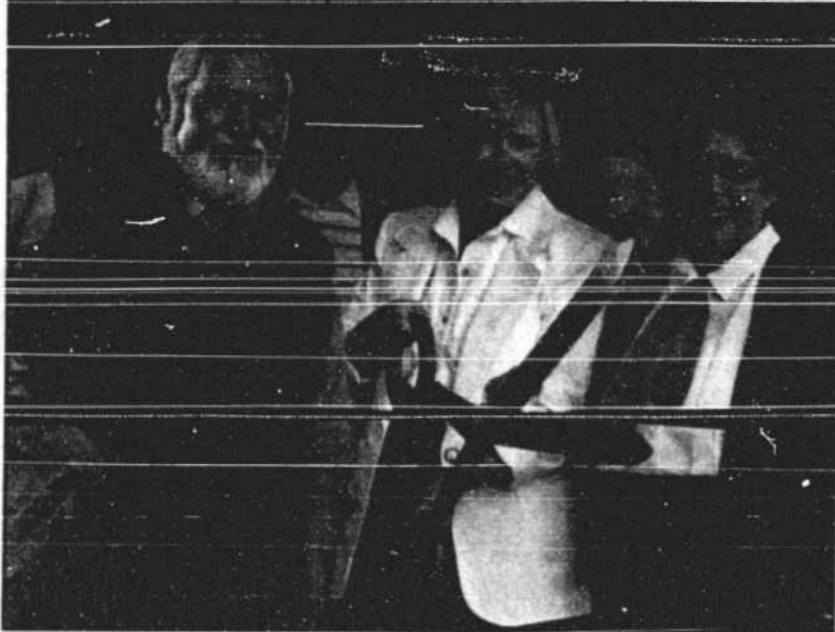
Keep in mind that certain debts, such as alimony, child support, federal income taxes and some student loans are not discharged under either chapter of bankruptcy.

The Aftermath
Life after bankruptcy means living without credit for a while. Although a bankruptcy will remain on your credit record for ten years, you can usually obtain some form of credit within a few years. Because you are generally still considered a high risk, banks may charge you a

higher interest rate or require that you have a co-signer for a loan or line of credit.

CPAs recommend that as soon as possible after bankruptcy you establish a realistic budget for you and your family. Be sure your budget provides a means for you to set up an emergency fund equal to about a year's worth of your living expenses. This may help to prevent a future bankruptcy filing.

Money Management is prepared and distributed by the N.C. Association of Certified Public Accountants.



L Bookworm Reopens

L Bookworm celebrates the grand opening May 20 of its new location at 3004 Holden Beach Road. Sharing the ribbon-cutting honors are owners Jim and Barbara Lowell and (center) Holden Beach Mayor Gay Atkins.

BUSINESS BRIEFS

Alan Brown Wins Award

Alan W. Brown, M.D., a specialist in refractive and cataract surgery at Carolina Eye Associates in Brunswick County, recently won the "Best Paper of the Session" award at the American Society for Cataract and Refractive Surgery meeting in Boston, Mass.

Brown's paper was entitled, "A New Method for Eye Illumination in Keratorefractive and Cataract Procedures." It outlined a procedure for bringing light in from the side of the eye during surgery instead of directly onto the front of the eye.

Instruments he invented to help apply the new technology are being produced by a surgical equipment company.



PHOTO CONTRIBUTED

Mattress Winner

Margaret Little of Ocean Isle learns she is winner of a free mattress and box springs in a recent drawing at the Shallotte Heilig-Meyers store.

Cruise Counselors

David and Teresa Midgett, owners of Midgett and Associates Travel and Cruises, Long Beach, recently completed the requirements for Cruise Lines International Association's Cruise Counselor Certification Program.

They are now recognized in the cruise industry as accredited cruise counselors.

Employees Honored

Lydine Schilz and Sharon Vermeersch were recently named Employees of the Quarter at Autumn Care of Shallotte.

Vermeersch has been employed with Autumn Care as a licensed



VERMEERSCH SCHILZ

practical nurse since July 24, 1992. She was recognized for "hard work, dedication and professionalism."

Schilz has been with Autumn Care in its business office since Sept. 21, 1992. She was chosen by the administrative staff "due to her dedication and caring."

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