

Important Information About Bankruptcy and Foreclosure Sales

If you have a mortgage that has been or is about to be foreclosed, you have an important decision to make regarding when you should file bankruptcy.

Filing bankruptcy usually stops foreclosure sales, at least temporarily, unless you are a what is called a “repeat filer.” Sometimes this is what you want to do; other times it is better to get the sale over with and move on with your life. This is a decision that only you can make, and it is important that you give serious thought to the consequences.

If the property is your family home, and if you don’t have moving money or a place to go, filing bankruptcy after the foreclosure lawsuit and been filed and before the sale date will get you additional time, usually at least four to six months, sometimes longer.

On the other hand, if you’re ready and able to move, you might want to delay filing bankruptcy until after the property has been sold at the sheriff’s sale. Why? Because filing bankruptcy does not get the property out of your name, and as long as you are the record owner and title to the property remains in your name, you may incur additional financial obligations and duties.

The owner of the property is responsible under the Louisiana Civil Code for damages caused by the property’s disrepair and neglect. If the mailman falls on your sidewalk and breaks a leg, he will probably sue you and it would not be covered by your bankruptcy. Bankruptcy only covers debts that are in existence on the date you file; any debts or expenses that you incur after filing are your responsibility.

Another problem with filing bankruptcy while property is still in your name is that you may also be liable under parish or city ordinances for keeping the grass cut and the property boarded up and maintained. You might find yourself subject to fines or penalties. You may also get bills for state and local property taxes.

Think twice about the consequences of filing bankruptcy before a foreclosure sale. Sometimes it’s better to wait until the property is no longer in your name.

**Only you can make the decision on when to file.
Filing too soon or too late
has consequences.**