



IMPORTANT INFORMATION **ABOUT SECURED DEBT**

A debt is “secured” if any of the following apply:

- 1) You have given the creditor a security interest (for example, a mortgage) in your property; or,
- 2) One of your creditors obtains and files a money judgment against you in the Office of the Clerk of Court or Recorder of Mortgages; or,
- 3) You purchased something and have not paid the full purchase price for it; or,
- 4) One of your creditors is given a lien by operation of law (for example, the I.R.S., the state, and the parish for taxes, or a building contractor or materialman for unpaid construction work or supplies, or a laborer for unpaid wages, to name just a few, or a bank or credit union for the amount of a loan).

Special consideration must be given to secured debt because valid, perfected liens survive your bankruptcy unless they are canceled or avoided. What this means in layman’s terms is that if you want to keep your house or motor vehicle or any other property that is encumbered by a valid lien, you will usually have to pay off the mortgage or lien unless the law allows you to redeem the property from the lien by paying the creditor its fair market value or unless you take additional steps at additional cost and expense to cancel the lien.

The most common kinds of secured debt are:

- 1) Real estate mortgages and home equity loans and lines of credit;
- 2) Motor vehicle liens on cars, trucks, mobile homes, vacation homes, campers, ATVs, boats, jet skis;
- 3) Any loan from a bank or credit union (always secured by your checking and other accounts), even if it’s called a “signature loan”;
- 4) Unpaid purchase price liens for big ticket items, such as home improvements, swimming pools, hot tubs, satellite dishes, furniture, and major appliances (if you owe money to a creditor such as Home Depot or Lowe’s or Rooms-to-Go or A-1 Appliances or Best Buy, they will probably try to claim that they have a secured debt); and,
- 5) Recorded money judgments and tax liens.

**IF YOU HAVE ANY QUESTIONS
ASK YOUR ATTORNEY.**