

When does filing bankruptcy make sense?

this day never comes and debts continue to pile up.

2. To stop creditors from taking or attaching assets – Once a creditor resorts to forced collection action and obtains a judgment against you over an unpaid debt, the creditor can levy on your bank accounts, garnish your wages or place a lien on your assets. If you are late in paying your mortgage, you may lose your property in foreclosure. Your car can be repossessed if you are behind in your monthly payments and the car can be sold at an auction, after which time you may be liable for a deficiency. I am often perplexed as to why a lot of people who already know that they may be facing one of the above still wait until the last minute before they do anything about their situation. If appropriate for your situation, bankruptcy can immediately stop collection action against you and/or your property, and you can save yourself the humiliation of being served a wage garnishment order by creditors at your place of employment. Keep your financial affairs private by acting immediately before things get ugly. If you are facing foreclosure, do not listen to advice from people (friends or relatives) who think they understand the legal aspects of your situation. They may mean well and are willing to help but nothing takes the place of a legal professional who can recommend possible options.

3. Minimum payments are being made on credit cards but the outrageous interest rates being charged by the credit card companies guarantee that your debts will never be paid off – At least not in this lifetime: Unless you believe in reincarnation, it is possible that you owe so much on your credit cards that it will take more than one lifetime to pay off what you owe. Some people seem to think that as long as they are able to make the minimum payments on their credit cards, they must be do-

ing "OK." One day they decide to look at their credit card statements more closely and come to the sick realization that they still owe the same amount that they did three to six years ago. Like clockwork, they've paid their bills on time and have worked long hours just to preserve their credit standing. Finally, when reality hits them in the face, they realize that they have become a slave to their creditors for life and they start to feel trapped in their situation.

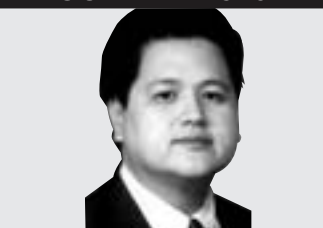
Filing bankruptcy, of course, is a serious decision that must never be taken lightly. You should weigh the advantages versus the disadvantages. I see a lot of cases where a person is actually better off filing bankruptcy now and then just start rebuilding credit after they get a fresh financial start. Since a lot of people in debt already have a less-than-perfect credit rating anyway, from a lender's standpoint, they would rather see a bankruptcy on a credit report and no debts instead of seeing huge amounts of unpaid debts, collection accounts, lawsuits and judgments. If your bankruptcy is three years old, you can still qualify to buy a home with some re-established credit if all other credit characteristics are appropriate. Filing bankruptcy is a beginning, not the end.

If you are considering bankruptcy but are confused about your options, I would be more than glad to evaluate your situation, free of charge. Call our office at toll-free 1-866-477-7772 to schedule a free attorney consultation. We have offices in Glendale, Cerritos and West Covina.

None of the information herein is intended to give legal advice for any specific situation. Atty. Ray Bulaon has successfully helped over 4,000 clients in getting out of debt. For a free attorney evaluation of your situation, please call Ray Bulaon Law Offices at TOLL FREE 1-866-477-7772.

(Advertising Supplement)

MINDING YOUR FINANCES



ATTY. RAYMOND BULAON

I am often asked the following questions: When does filing bankruptcy make sense? How much should I owe in order to justify a bankruptcy filing and have that on my credit record? My answer to these questions is always the same: Whether or not bankruptcy is advisable for your situation will depend on your specific circumstances, the types of debts that you owe and your intended purpose in filing. People come to see me for bankruptcy advice for different reasons. Below are three of the most common:

1. Credit card debts are out of control and bankruptcy is the only way out – Lots of times, for whatever reason, credit card debts have simply gone out of control and the person sitting across my desk is severely distressed and confused, not knowing what to do. Credit cards can come in handy in times of financial emergencies or for convenience. But they can also be terribly abused and misused. For example, some people use their credit cards as if they were spending their own money, not realizing that the money actually belongs to the bank and it is not theirs. This is the Las Vegas mentality that betting casino chips doesn't feel like betting cash so it's easier to use credit cards when buying things rather than withdrawing cash from your bank and using cash for your purchases.

On the other hand, I realize that other people simply don't have a choice but to resort to using credit cards strictly for survival because income is always short and they never have enough money to pay their bills every month. To make ends meet, a lot of people are tempted to use their credit cards to pay for monthly living expenses hoping to be able to pay it back "once they get caught up" on other bills. The problem is that

HOME BUYERS



KENNETH GO

CALLER: My property was foreclosed six months ago and I am still getting a bill for the mortgage balance of my property. What can I do about the debt? The bank already sold the house to another buyer.

Ken Go: That is what happens if you let your property go to foreclosure. You did not request for debt forgiveness and the lender is after you for the deficiency judgment. Meaning, if you owe \$500K on your property and the lender after paying all the fees, interest, legal and agent fees net about \$400K only, you still owe them \$100K. I am advising my readers to consider a short sale after failing to modify their loans and rates, and letting the property go into foreclosure as a last resort. Think about it, if you let go of the property just

Will I be liable for the deficiency balance on my defaulted mortgage balance?

like that, the bank will have to wait for the legal process to kick in before taking over the property, that means you would have incurred legal fees, let alone the wait time that is wasted due to the process of bank take over. Then, the bank will also hire an agent and pay their commission to sell the house, the cost of the bank selling will also go on your bill. So, you basically just increased your debt balance. Hopefully, your property is not damaged or vandalized because there will be incurred cost again and you will have to pick up the cost. Therefore, do I make sense when I say let's shortsell it and ask the bank to accept a smaller payoff? What to do then? Maybe talk to the lender to discount the balance if you have money to settle, or talk to

Continued on PAGE B9

THE FILIPINO SURVIVAL KIT



LIZA LEGASPI

PURCHASING a car in a foreign land is not easy. You need to learn the system and maneuver within. In my case, I learned the system after a friend showed me the way. He helped me. So I do not take full credit of what I know now and what I am about to pass on to you.

This person (my friend) did not know me well and trusted me still. He acted as my co-guarantor, no questions asked. It was amazing. All I remember is that I prayed to God to get me started and He did. He made me get to know this great person. To my friend, if you are reading this article—thank you very much.

So here go this week's tips:

You need to first build a credit history. Open a credit card. Have a relative or friend to be a co-guarantor. Someone you trust. Use your credit card for several months and make sure you pay off your balance. Remember, never miss a payment.

Search for car dealerships that

Building credit and purchasing your first car in America

would give you a good price. Ask friends or relatives, where they have purchased their car. Find out how they dealt with the car vendor and the deal they got.

Research the brand/model/year of car you want to purchase. Consider the car's "MPG" (miles per gallon) and the distance of your commute every day/every week.

Do not rush! Don't buy the first car that you see at a dealership right away. Make sure that you act logically and not by impulse. Please note most people purchase their car based on impulse and regret it later on. So, as I've always said—haste makes waste.

Learn how to negotiate. This is very important.

Latest car model are always a little more expensive than previous models. If your priority is NEED, then consider purchasing an older model rather than the latest.

Look into the different features of the car that you can live without and those that you must have. These will impact the overall cost.

These are just basic tips that I could give you and the rest is up to you. Please also remember that everyone's experiences are different. If my tips could help you—I'm thankful. If not, maybe

you could pass it on to a friend or relative and perhaps it could help them.

Please note that I do not wish to give you any guarantee that the above is the only way or that it would work right away. Take the information and use it when needed or simply take it as a grain of salt. My intention is to help by providing you with tips. By the way, thank you for all those who emailed. I appreciate the great comments and those friends that found me because of this column, thank you again! Next week's issue: What's the best and most cost efficient way to call the Philippines? You can email me at lizlegaspi@yahoo.com for questions or if there are any topics that you are interested in for future issues.

Liza Legaspi is an experienced marketer both in the Philippines and the US. She has been focusing on diversity groups for over 20 years. Liza is currently employed by a well-known Asian advertising agency. She has a wide range of experience in marketing consumer products and services.

Disclaimer: The items listed are mere suggestions and no guarantees that it will work for you. The tips provided worked for me and I am not making any promises nor will I be liable for any outcome.



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