



Everything You Ever Wanted To Know About Filing For Bankruptcy In Maryland

By Jeffrey M. Sirody, P.C.





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Introduction

In 2013, over 1 million people filed for bankruptcy. Many people, just like you, face serious debt situations that can be resolved through legal solutions. Here at the Law Offices of Sirody & Associates, we have over 80 years of combined legal experience making our firm highly qualified to guide people through bankruptcy proceedings.

In the spirit of enabling people to know as much about the process as possible, we have developed this eBook. Here you will find answers to some of the most common questions about bankruptcy in language that is easy to understand. We hope you find it useful.

Should you want to speak to an expert about bankruptcy in Maryland, we offer free consultations. Just Call 410-415-0445 Or [Complete This Form](#). We will keep your information confidential.

Here's to making a financial fresh start.

Sincerely,
Jeffrey M. Sirody, P.C.

Disclaimer: No part of this ebook meant to serve as legal advice. Always consult with a lawyer for proper legal advice.



How Does The Bankruptcy Process Work?



Every year, countless Americans find themselves, through no fault of their own, facing bankruptcy. Many have no idea how long the bankruptcy process can take. The length of time from filing bankruptcy to having your debts discharged can vary greatly, depending on which type of bankruptcy is being filed, and how quickly you can gather together all the required financial information.

Whether you are filing for Chapter 7 or Chapter 13 bankruptcy will make a significant difference in how long the bankruptcy process takes. (Image [source](#)).

If you have kept financial records like bank statements, debt statements, income taxes, and dividend disclosures, you are already ahead of the game. Chapter 7 bankruptcy filing requires copies of these types of records. If you've not kept meticulous records, don't worry.. All the necessary information can be tracked down, but it will just take a little more time. A good attorney can help by tracking down businesses that have purchased your debt. If this information has been gathered before the filing, the bankruptcy can go through without any further complications.

Chapter 7 Bankruptcy Processing

Chapter 7 bankruptcy is for individuals who have few major assets (like a home) to protect. Gathering paperwork is the most time-consuming part of the process. If your debt accounts have been sold to collection agencies, it can be a challenge to track down exactly who you owe money to, but your lawyer can help you with this.

Once the bankruptcy papers are filed with the courts, you'll wait one to two months, which is about how long it takes to set a court date at which you will appear. On that date, if all your financial papers are in order, the court will then declare the bankruptcy. At this point, all your debts will be discharged with the exception of student loans and a few other exceptions. Also, once you hire a bankruptcy lawyer, all creditors' calls can be referred to your lawyer, who will end any harassment by creditors in the interim.



Chapter 13 Bankruptcy Processing

Chapter 13 bankruptcy process is for those who have a significant number of major assets to protect. Instead of discharging your debt outright, Chapter 13 re-arranges and/or reduces debts to come up with a reasonable payment plan that you can afford. Payment plans for Chapter 13 bankruptcy are usually spread over a comfortable three to five year time span. So, even though the bankruptcy has been approved, you'll still be paying back your debts for several years.

Steps To Filing For Bankruptcy In Maryland



If you live in Maryland and are facing serious credit problems, you might be considering filing for bankruptcy. Federal Law Changed In 2005, and it is important to be aware how these changes affect anyone considering bankruptcy filing. As you can see below, the steps to filing for bankruptcy in the State of Maryland are complex and best handled by an experienced attorney. (Image [source](#)).

Step One: Counselling & Education

According to the Federal Trade Commission, you must get credit counselling within 180 days before you file for bankruptcy. Counselling must be done by an organization approved by the Department of Justice's U.S. Trustee Program. Also, you must complete a debtor education course before your debts can be discharged. Debtor education helps you develop a budget, manage money and use credit wisely.

Step Two: Determine If You Qualify For Chapter 7 Or Chapter 13

After counselling, you will have to pass a "means test" to determine if you qualify for filing for Chapter 7. Chapter 7 involves your debt being wiped out with the sale of your non-exempt property or assets. The means test determines if you have enough money to repay at least a portion of your debt. If, for the six months prior to filing, you have an income of \$100 or more left over after paying for living expenses, you will probably not qualify for Chapter 7.



Be aware that your living expenses estimates are based on your actual expenditures and the Internal Revenue Service's (IRS) local and national expense standards. The IRS's expense standards might be lower than what you actually spend, and this can influence if you qualify for Chapter 7.

Allowable deductions can include:

- Child support payments
- Health care costs for sick or Disabled family members
- Some school expenses
- Some payments to secured creditors

If your total household income is less than the median family income in the State of Maryland, there is a good chance that your petition for Chapter 7 will be granted. If you are denied Chapter 7, you can still file for Chapter 13 which is a much more rigorous form of bankruptcy.

Chapter 13 bankruptcy involves a court supervised payment of a percentage of your debt over a period of 36 to 60 months. Your financial activity is under close scrutiny during this repayment period. Any spending on new cars, luxury items or vacations will have to be reduced or eliminated. Any financing of a second car or boat will likely require payment of the replacement value. Finally, if you receive a raise or a bonus during this time you will probably have to divert this towards debt repayment.

Step Three: Gather Data

When filing for bankruptcy, you will have to gather all your relevant financial data and documents. These might include:

- Itemization of current income source
- Last two years history of major financial transactions
- Monthly living expenses
- Secured and unsecured debts
- All assets including property and possessions
- Last two years state and federal income tax returns
- Real estate deeds and loan documents
- Car titles



Step Four: Filing The Forms



Once you have completed credit counselling, taken the means test and gathered all the necessary data, you can then proceed with the bankruptcy filing process. This involves filling out a bankruptcy petition and several other forms, called schedules. The schedules ask for information regarding creditors, property, claimed exemptions, co-debtors, income, expenses and a financial affairs statement. In Maryland, the Chapter 7 filing fee is \$274, and you can request to have the fee waived or to pay it in installments. The fee for filing Chapter 13 is \$189 and cannot be waived. (Image [source](#)).

The filing process can be very complex and typically involves the help of a bankruptcy attorney. Choosing good legal counsel helps make sure that nothing is overlooked which could threaten the outcome of your petition.

Once you have filed the bankruptcy forms, an automatic stay goes into effect which means creditors cannot contact you or make further claims against your property. If you have filed for Chapter 13, you must begin to make debt payments after filing the forms.

Step Five: Attend Meeting Of Creditors

Once you file for bankruptcy, the court appoints a trustee who assumes legal control of your debts and non-exempt property and assets. In most cases, you will have to go to court to attend a meeting (called the 341 meeting) with the trustee and any creditors that desire to meet with you. This gives creditors a chance to ask any questions and negotiate if there

are any objections. In many circumstances, no creditors attend, and the meeting only lasts 5-15 minutes.

Step Six: Discharge

At the end of the bankruptcy process, all of your debts are discharged, that is, wiped out. Some forms of debt, however, usually cannot be wiped out such as child support debt, student loans or tax debt.



Conclusion

Filing for bankruptcy is a serious matter. It is important that you complete all the steps as required by the law. Having a bankruptcy attorney to assist you can ensure that your filing is taken care of correctly so that you can begin to restore your financial health.

Which Bankruptcy Chapter (7 Or 13) Is Right For Me?

When debt accrued has exceeded certain unbearable levels by either an individual or business, bankruptcy is often sought to secure financial relief and set up a process whereby debts can be discharged or creditors can be paid over a period of time. Two major categories of bankruptcy (Chapter 7 and Chapter 13) are commonly used, and both are part of the official U.S. Bankruptcy Code.

In order to choose the right bankruptcy chapter for your situation, it's important to understand the purpose and benefits associated with each filing.

Chapter 7 Bankruptcy

Chapter 7 bankruptcy consists mainly of a liquidation process whereby a portion of your assets are sold to pay off debt obligations. Often referred to as individual or consumer bankruptcy, this form of bankruptcy can often take anywhere between 3 to 6 months. A court appointed trustee will often sell property that secures your debt in order to pay off your creditors. You get to retain some of your personal items, including household furnishings, clothing and other possessions. You can even include your car and your home as long as their value doesn't exceed certain limits set by the U.S. Bankruptcy Code. To be eligible for Chapter 7, the filer must either have a median family income level that falls below the national average or else pass a means test that determines if the margin of excess income exceeds that allowed by the bankruptcy code.

Chapter 13 Bankruptcy

Chapter 13 bankruptcy is an option for individuals or couples that are unable to meet the means testing standards under Chapter 7. This bankruptcy process consists of a reorganization of debts and provides the opportunity for the debtor to keep their property and other highly valued assets while operating under a plan whereby they pay of their debts over 2 to 5 years. Chapter



Chapter 13 bankruptcy also requires proof of a consistent and reliable source of income. More debts are allowed to be discharged under Chapter 13 as opposed to Chapter 7, but Chapter 13 requires the debtor to make payments on both secured and unsecured debts over the life of the plan. Since there are no standardized forms for such a payment plan, seeking the advice from a qualified bankruptcy attorney when preparing these repayment plan documents is essential.

Top Five Things To Do Before Filing For Bankruptcy

The bankruptcy process is demanding and emotional. Bankruptcy is designed to provide a new start, but the process can be complicated. These guidelines will make the process smoother and less stressful.

1. **Compile Information**

If you haven't already done so make a list with the following information and compile documents including:

- All of your debts including amounts owed
- List all of your assets
- Collect all of your deeds and titles to all property
- Assemble all tax returns for the last three years
- Proof of identity such as Social Security card
- Any paperwork pertaining to loans, divorce decrees, or child support orders
- Statements from brokerage and retirement accounts

2. **Talk To An Attorney**

While it is possible to file for bankruptcy without the help of an attorney, filing alone can be confusing and time consuming. An attorney will advise you about:

- Types of bankruptcy and how they will affect your assets
- Laws in the state in which you live
- How to deal with the courts and bill collectors.



An attorney knowledgeable in bankruptcy law will ask questions about your financial situation and explain all of the benefits and cost involved in the process. The attorney can also talk with you about the required debt counseling with a government certified counseling agency.

3. Pay Some Of Your Bills

It is important to pay bills such as rent, car payment, insurance and other basic expenses. When you file for bankruptcy your credit card will be considered unsecured debt and will be covered under bankruptcy protection. Your attorney can explain exactly what bills to pay up to the time bankruptcy is filed.

Don't rack up credit card debt near the time you anticipate declaring bankruptcy. The courts do not look favorably upon large expenditures near the time bankruptcy is declared.

4. Change Your Lifestyle And Be Realistic

Now is the time to learn to make the most of less. There are many resources available that teach good budgeting strategies. Understand how your finances got out of control to prevent it from happening again. If you have children, now is the time to explain to them that their lifestyle will also change.

Keep in mind certain debt cannot be erased when filing for bankruptcy such as child support, alimony, student loans, and taxes. Your new budget should include these expenses. Keep all of your property in your name during this time. Also, while it might be tempting to transfer or gift your property to others before declaring bankruptcy, but the courts may penalize you for doing so.

5. Change Your Phone Number

As soon as an attorney is hired to help you file for bankruptcy, bill collectors are no longer allowed to contact you for payments. Changing your phone number gives you the privacy you deserve but might have lost..

Filing for bankruptcy is difficult and nobody wants to go through it alone. In addition to talking with a trusted attorney, talk to your friends and family for support. Don't be ashamed; it's time to move ahead.



How Much Does Bankruptcy Cost? I Don't Have Much Income Or Money

Although many people consider bankruptcy as an extreme measure, little is truly understood by those who've never had to make this decision. As with most facing bankruptcy, very few, if any funds are available to pay for the filing and lawyer fees associated with entering into this process.

The following information will help to explain the cost of bankruptcy and provide suggestions for how to begin the process.

The Cost Varies

Some people will call around to find the least expensive attorney and make their decision based only on cost. But, determining which is the right attorney for your situation should not be based on cost alone. No reputable attorney can quote you a fee over the phone without meeting with you personally to assess your individual circumstances. Good lawyers realize that most bankruptcy clients are strapped for cash, and they work with you to make bankruptcy affordable.

As soon as you file for bankruptcy, an automatic stay is put in place that prohibits your creditors from demanding further payments until your case is resolved. This can free up some much needed funds to pay for bankruptcy costs.

Cost Of Bankruptcy Is Not Only Criteria For Choosing A Lawyer

It's important to not allow 'cost' to be the primary criteria for choosing a bankruptcy attorney. Going with a cheap bankruptcy lawyer can leave you with someone who has either little experience or is a dishonest practitioner just out for your money. The main criteria for selecting a bankruptcy lawyer should be their relevant experience and integrity.

Experience should be confirmed by obtaining verifiable references, i.e. past satisfied clients. Your attorney should also be licensed within the state in which you are filing. As well, a trustworthy bankruptcy lawyer will let you know about any other alternatives to bankruptcy that may be available and feasible in your situation.



How Bankruptcy Can Stop Foreclosure On Your Home



In tough economic times, many people have been forced to give up their homes. If you have fallen behind on mortgage payments, then bankruptcy might be a solution. In many cases, filing for bankruptcy can delay or stop foreclosure on your home. (Image [source](#)).

Even if you are eventually forced to give up your home, bankruptcy can help make the process less painful. A reliable attorney with experience in foreclosures and bankruptcy can guide you through this process.

How Bankruptcy Protects You

Many people have the misconception that declaring bankruptcy means that you will be left out on the street. However, the truth is that bankruptcy protects you from having to leave your home or buys you time to find a new place to live. Once the bankruptcy petition has been filed an automatic stay is placed on all of your debts. This means that all creditor actions to collect payment must be halted – so no more letters or phone calls from debt collectors.

The automatic stay includes any efforts to foreclose on your home. Even if your home is up for foreclosure sale, the automatic stay can delay or stop the process. The automatic stay on foreclosures ends when the bankruptcy process is finished or if the lender gets court permission to continue with foreclosure (permission to “lift the stay”).

Chapter 13 Bankruptcy And Foreclosure

In Chapter 13 bankruptcy the debtor agrees to pay down part or all of their debt over a set period of time, typically around five years. This process is monitored strictly by a bankruptcy trustee, and at the end of the term all remaining debt is discharged or “wiped clean.”

In Chapter 13, you agree to pay off, in installments, the amount you owe over a set period of time. However, you must continue to make regular mortgage payments as scheduled. It might turn out that you do not have enough income to cover these obligations and will eventually have



to give up your home. A good bankruptcy lawyer can make sure you make the right decisions and that all your rights are protected during the process.

Chapter 7 Bankruptcy And Foreclosure

In Chapter 7 bankruptcy, your debts are paid down from proceeds generated by the sale of non-exempt assets. In this case, the foreclosure process is delayed for up to four months. However, once the stay is lifted the foreclosure process can continue. During the four month delay, you can either find money to continue paying off your mortgage or look for another dwelling. One advantage is that during the four month wait you can live in your home for free.

It is important to know that the lender can request to proceed with foreclosure despite the bankruptcy filing. If this request is granted, the time you have to find a new place to live will be reduced.

Conclusion

If you are facing the possibility of foreclosure on your home, then bankruptcy might be a solution. Good legal counsel, experienced in bankruptcy, will ensure that your case is handled appropriately with your best interests in mind.

How To Get Rid Of A Mortgage When Filing For Bankruptcy



When filing for bankruptcy, there is a way to get rid of a mortgage loan. The two types of bankruptcy; Chapter 7 and Chapter 13, take into account different types of mortgage debt. (Image [source](#)).

What Is A Mortgage?

A mortgage is a loan; it is a legal agreement signed through a bank or other lender to borrow money used for the purchase of a home or other property. Mortgages are also known as “liens” or “deeds.” When a mortgage is signed, you are able to live in the house or use the item as long as you make payments but the lender is the true owner. The



loan can be paid down by making monthly payments or selling the property and paying the lender.

There are typically two types of mortgages; a primary mortgage and a second or third mortgage which might take the form of a home equity loan. The lender of a primary mortgage has the right to be paid first before the lender of a second or third mortgage.

Getting Rid Of A Primary Mortgage: Chapter 7 Bankruptcy

If your earned income is low enough (speak to an attorney to determine this), Chapter 7 bankruptcy can be filed. Chapter 7 bankruptcy means you do not have to pay back the primary mortgage; it is eliminated. However the lender can take back (foreclose) your property to pay the money that is owed.

If you only want to get rid of a second and/or third mortgage that is owed to a lender, consider Chapter 13 bankruptcy.

Getting Rid Of Second Mortgages: Chapter 13 Bankruptcy

Chapter 13 gives you the ability to get rid of a second and/or third mortgage on a property while possibly keeping the first mortgage as long as you can make the payments.

A second or third mortgage on a property is a loan that was taken from a lender using equity in the property. Getting rid of a second/third mortgage is known as "lien stripping." A lien is a claim for payment on a loan. Lien stripping works if the mortgage balance is more than what your home is worth now.

An example of a second or third mortgage is a home equity loan. Eliminating second and/or third loans are done by the courts by changing the second mortgage to an unsecured debt (debt not backed up by as asset.), and this removes the lien.

You are able to keep the primary mortgage on your property under this plan if you can make payments to the lender.

Here's an example of how Chapter 13 bankruptcy works:

The current appraised price of your house is \$200,000 but you still owe \$300,000 on the first mortgage. You have a second mortgage of \$50,000.



If Chapter 13 bankruptcy is declared, any second mortgage amount owed is stripped or removed. You may then be able to maintain ownership of the house.

How To Stop Wage Garnishment



If you are unable to pay a debt, your creditor may seek to garnish your wages, meaning money is taken out of each paycheck as payment.. However, it is possible for you to stop wage garnishment. (Image [source](#)).

How Can This Happen To Me?

Wage garnishment is most often imposed when back child support or taxes are owed, but it can also happen with unpaid credit card debt. For a debtor to have money taken out of your paycheck, a lawsuit must be filed in the courts and a court order issued,.

Garnishment laws vary from state to state. However, laws have set the maximum amount that can be deducted. Consideration is given to your living expenses and sources of income.

How To Stop Wage Garnishment

It is important to have a competent attorney guide you if you wages are garnished. In general, the following steps should be taken to stop wage garnishment:

1. *Negotiate With Your Creditor Immediately*

As soon as you know you can't pay your debt, call or write and ask how you can settle your debts. A creditor may be willing to accept a lump sum payment rather than wait what could be years to get their money from paycheck deductions. Since a court order is necessary to garnish your wages, it may be difficult to change, so negotiate before the court order is in place.



2. File A Claim Of Exemption

Filing this form will adjust the amount taken based on factors such as how much you earn, how you earn your money, and if you support another person. The rules for this kind of claim vary by state; so it's advisable to consult with an attorney.

3. File To Get Rid Of The Judgment

It is possible to stop wage garnishment if you feel the judgment is not correct. Reasons vary for an improper judgment. For example, if deductions are made by your employer without a court order or your permission, the deduction may not be legal. Be prepared to explain and prove your claim in detail. Again rules vary by state.

4. File For Bankruptcy

Chapter 7 may eliminate debt, which might stop wage garnishment. Note that some debt can survive bankruptcy.

Chapter 13 assigns an "automatic stay" to your debts, but the payment assigned by the courts may still come out of your paycheck.

Bankruptcy rules vary by state as do the requirements for filing. Either Chapter 7 or Chapter 13 may stop wage garnishment, but there are other factors to consider. A qualified bankruptcy attorney can explain your options.

How To Choose A Bankruptcy Attorney



While there are many factors to consider in the bankruptcy process, the first thing you should do is consult with a competent bankruptcy attorney. This section provides guidelines on how to choose a bankruptcy attorney that is right for you. (Image [source](#)).



Why Do I Need A Bankruptcy Attorney?

While a bankruptcy attorney may not be required for an individual to file bankruptcy, in the courts legal representation is strongly recommended. There are many bankruptcy forms to complete and documents to file. If not completed correctly, the procedure could be delayed or you could suffer from an accusation of fraud.

Where To Begin

If you have a friend or relative who has declared bankruptcy, ask for a referral. Go to the NACBA (**National Association Of Consumer Bankruptcy Attorneys**). This site lists qualified, professional bankruptcy attorneys in your area. Make appointments with several attorneys. Get to know their personality, fee structure, and expected outcome of your situation in the bankruptcy process.

What Questions To Ask A Bankruptcy Attorney

There are many kinds of law specialties such as family law, corporate law, or tax law. A qualified bankruptcy attorney concentrates most of his or her practice in bankruptcy law.

Each type of bankruptcy has different consequences. Come to your first appointment prepared: the more information you have available about your situation for the attorney the easier it will be for them to make an assessment of your case.

During the initial interview some questions you can ask and observations to make are::

- *Is your initial meeting with a paralegal or an attorney?* Your first meeting should be with a bankruptcy attorney. a paralegal is someone who assists an attorney but doesn't take the place of an attorney.
- *How many cases have you handled?* An experienced attorney who has filed many cases may help guide you to a better result.
- *What is the fee structure?* If it sounds too good to be true, it probably is. You don't have to choose the attorney with the highest fee since sometimes the court will limit the amount an attorney can charge. Also, don't choose an attorney just because his or her fee is the lowest.



Don't Delay

Following the guidelines listed above will help insure the process of choosing a bankruptcy attorney is a smooth one. Bankruptcy protection offers you a fresh start. Investing time to select the best legal representation will keep the process as stress free as possible.

Do I Need A Lawyer To File For Bankruptcy?



While corporations and partnerships require an attorney's representation to file bankruptcy, individuals may represent themselves in court. However, it could result in your petition being denied or delayed. You could lose the right to file another case, or lose protections like the automatic stay. Remember, there are permanent consequences to filing for bankruptcy. You will want to make sure the bankruptcy process is handled by competent attorneys familiar with bankruptcy law. (Image [source](#)).

The United States Bankruptcy Code is highly technical and is subject to frequent revisions. A bankruptcy attorney will help you gather all the necessary paperwork to handle your filing. Failure to file even one required document could result in your case being dismissed. All debts must be listed on the bankruptcy schedules, and overlooking a debt means it won't be discharged.

Bankruptcy Law Is Complex

It is not advisable to hire the same lawyer you use for estate planning or personal injury. Attorneys that are familiar with bankruptcy law know the Federal Rules of Bankruptcy Procedure, and can avoid many potential pitfalls in filing. For instance, don't try to hide or destroy property, falsify records, or otherwise lie about your financial situation. The judge will find out, and your case could be dismissed, or you might have to attend additional hearings, or you could even lose your assets. Individual bankruptcy filings are randomly audited for accuracy, completeness, and truthfulness.

Not only are there federal laws, but individual district courts each have their own rules and regulations for filing for bankruptcy. And within each district court, individual bankruptcy trustees



may also require their own additional procedures. You want your case to go as smoothly as possible. Hire a bankruptcy attorney who knows the local rules of your district and its trustees.

Inexperience Can Cost You More In The Long Run

For Chapter 7 bankruptcy filings, the more complex the case, the higher your attorney's fees will be. However, those fees can still vary significantly from one lawyer to another. It's a good idea to get several quotes.

For Chapter 13 filings, most districts have guidelines limiting how much attorneys can charge. However, attorneys may charge different amounts for their up-front fees before filing your case. It is possible with Chapter 13 filings to pay a percentage up-front, and then wrap the remainder into the repayment plan. Some attorneys may ask you to pay the full amount. So always ask about initial fees.

Communication is critical, especially during the consultation stage, so you'll want an attorney who is available to you, and returns calls or emails promptly.

Medical Bankruptcy At A Glance - What You Need To Know

Most of us want to pay our bills. We were raised that way. As a result, too many people use up all of their financial resources before even considering filing for medical bankruptcy. Their intentions are good, but cashing out credit cards, retirement funds, college savings, or taking out a second mortgage to pay medical bills can result in disastrous consequences.

The following infographic will help you understand the ins and outs of medical bankruptcy. As more and more Americans find themselves unable to pay ever-mounting medical bills, bankruptcy is becoming the best option for relief. Surprisingly, the most common filer for medical bankruptcy is middle class and has health insurance. Co-pays and out-of-pocket expenses, coupled with loss of work, can derail even the healthiest financial platform.

HOW DO MEDICAL BILLS LEAD TO BANKRUPTCY?

On average, an uninsured family can afford to pay only 12% of their hospital bills and associated follow-up costs (USA Today). Even if one is insured, they're still liable to incur high medical bills resulting from out-of-network specialist's visits and exorbitant, multiple co-payments.

More than 1.4 million people in the United States filed for bankruptcy in 2011, more than double since 2006. (American Bankruptcy Institute)

Medical debt is the number one cause of bankruptcy, representing 62% of all personal bankruptcies. 78% of filers had some form of health insurance. Medical bills do not affect only the uninsured. (Harvard University)

If the illness is long enough or serious enough, virtually anyone can fall into financial ruin. Hospital bills, even after insurance, can quickly wipe out savings, retirement accounts, college education funds, and home equity. Once these have been exhausted, bankruptcy may be the only option left.

Loss of income from being unable to work further drains resources. Losing a job during an illness could result in loss of insurance coverage, and COBRA insurance is costly.

Using credit cards to pay medical bills can be disastrous. When you convert medical debt into credit card debt, it becomes consumer debt, for which you are then subject to hefty penalties and fees. Consumer debt can affect your ability to secure a mortgage, or pass a credit check for a rental application or a job.

Hospital billing adds to the confusion because some hospitals send individual invoices for the ambulance, the hospital stay, the doctor, lab services, and prescription medications.

Don't take out a home equity loan to cover medical debt. Medical debt is unsecured debt, but a home equity loan is a secured debt, meaning it's backed by collateral, in this case, your home. If you can't repay the debt, you could lose your home.

It's a vicious spiral: The consequences of medical debt are more serious than just finances. 65% of people with medical debt often avoid necessary follow-up treatment and filling prescriptions because of the cost, further compromising their recovery. (Access Project)

In the state of Maryland, 25,662 people filed for bankruptcy protection in 2011, a 30% increase from just three years earlier.
<http://www.uscourts.gov/Statistics/BankruptcyStatistics/12month-period-ending-december.aspx>

Bankruptcies due to medical debt have risen by almost 50% over the past decade, and most bankruptcy filers fell into the demographic of middle-class homeowners with significant education. (American Bankruptcy Institute)

Health care consumers have rights!

You have the right to be allowed to examine a copy of your bill and your medical chart before you pay. Scrutinize your invoice carefully. The dates on your billing statements should match the dates of your treatment, and services rendered should match your medical chart.

Look for misprints. An extra zero can make the bill jump from three figures to four.

Contact Sirody, Freiman & Associates at (410) 356-3500 or www.freshstartlaw.com for a FREE consultation and advice from attorneys that specialize in bankruptcy law. Let our attorneys restore your peace of mind and help you rebuild your life.



About The Author

Jeffrey M. Sirody, P.C.



Jeff Sirody graduated from the George Mason University School of Law in 1991 and was admitted to the Maryland Bar shortly thereafter. In February, 1992, Jeff opened his own bankruptcy law firm, the Law Offices of Jeffrey M. Sirody & Associates, P.A. .

Jeff's practice concentrates in consumer bankruptcy law and he has helped thousands of clients over the years. He is an active member of the Maryland State Bar Association and the Bankruptcy Bar Association of Maryland.

Mr. Sirody lives in Baltimore with his wife and two children. He enjoys sports, including golf and tennis, and he is also an avid music buff.

Need To Know More?

Call Today For A Free Consultation

Call 410-415-0445 Or [Complete This Form](#). Your information will be kept confidential. Let our attorneys work to get you back on your feet.