

The logo for the City Bar Justice Center features the text "CITY BAR JUSTICE CENTER" in a black, serif font, centered between two blue horizontal bars. The top bar is a thick, slightly irregular blue shape, while the bottom bar is a solid, rectangular blue bar.

CITY BAR
JUSTICE
CENTER

**FRESH START FINANCIAL EDUCATION:
GAINING A FRESH START AFTER
BANKRUPTCY**

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Please note that legal circumstances may change. The information contained in this webinar is based on the information available as of the date of the presentation.

This presentation is made possible by a generous grant from the American College of Bankruptcy Foundation.

AGENDA

- I. What are your rights after a bankruptcy discharge?
- II. How do you rebuild your credit?
- III. Where can you learn more information?

YOUR RIGHTS AFTER A BANKRUPTCY DISCHARGE

Discharged Debt

- Debtor is no longer responsible for paying any debts that have been discharged.
- Creditors are prohibited from taking any form of collection action on discharged debts, including legal action, and communicating with the debtor.
- Debtor may file a motion in court to get their bankruptcy case reopened for the purpose of stopping unlawful collection efforts by creditors.

YOUR RIGHTS AFTER A BANKRUPTCY DISCHARGE

Debt that has not been discharged

- Creditors may legitimately pursue collection of debts that have valid liens against a property and have not been avoided in the bankruptcy case.
 - Example: auto loan

YOUR RIGHTS AFTER A BANKRUPTCY DISCHARGE

Immediate steps to take after discharge has been granted

- Keep a full set of records of bankruptcy documents.
- Establish a budget based on current income and regular ongoing expenses.
- Obtain a copy of your credit report and confirm its accuracy.

YOUR RIGHTS AFTER A BANKRUPTCY DISCHARGE

Longer term steps to take after discharge has been granted

- Make a plan for paying off the remaining debts that were not discharged.
- Rebuild your credit.

HOW DO YOU REBUILD YOUR CREDIT?

Budgeting

- Know your take home salary: An effective budget starts with knowing your take home salary.
- Track your spending: What comes out of your salary. Record your daily expenditure with a pen and paper, or on your smartphone .
- Make sure to set realistic goals short term and long-term goals. Identifying goals can help with motivation.

HOW DO YOU REBUILD YOUR CREDIT?

Budgeting (con't)

- Formulate your plan: Tie in what you spend (expenses) and compare that to your take home salary and priorities.
- Stay on budget by adjusting your spending: Don't overspend, put extra money toward your goals.
- Review and maintain your budget: It is important to review your budget and spending regularly to stay on track.

HOW DO YOU REBUILD YOUR CREDIT?

Savings

- Create a savings plan
- Savings plans facilitate achieving financial goals and help you meet emergencies
- The Consumer Finance Protection Bureau (CFPB) has resources online to help you
 - https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals_savings_plan_tool_2018-11_ADA.pdf
 - https://files.consumerfinance.gov/f/documents/cfpb_ymyg-savings-booklet.pdf

HOW DO YOU REBUILD YOUR CREDIT?

Savings (con't)

- Create a savings plan (con't)
 - Some key elements of a savings plan:
 - Identify your savings goals: what are you saving towards? How much will you need?
 - Short, medium, and long-term goals
 - Specific goals (for example, education), rainy day fund
 - Set a weekly savings target – helps break up savings goals and make savings more manageable

HOW DO YOU REBUILD YOUR CREDIT?

Savings (con't)

- Create a savings plan (con't)
 - Think about and write down ways to save
 - Track how much you have saved
 - Establish accounts that work for you to put your savings
 - Savings accounts
 - Other accounts (e.g., a 529 savings account or retirement account)
 - Prepaid cards

HOW DO YOU REBUILD YOUR CREDIT?

Savings (con't)

- Savings Strategies
 - Set up separate savings accounts
 - Automate savings through direct deposit, or through transfers from checking to savings
 - Commit tax refunds to savings
 - Utilize a set-aside feature on a prepaid card

HOW DO YOU REBUILD YOUR CREDIT?

Savings (con't)

- How Can I Maximize Savings?
 - Spending less
 - Cut back expenses where possible (Examples: memberships or subscriptions you don't use; eating out less often; buying used products; lowering the heat or raising the air conditioning temperature.)
 - Avoid fees (Example: opening a no-fee bank account; avoiding ATMs of financial institutions where you do not have an account)

HOW DO YOU REBUILD YOUR CREDIT?

Savings (con't)

- How Can I Maximize Savings? (con't)
 - Earning more
 - Can I sell any items, do odd jobs, or take on a second part-time job?
 - Start small and build

HOW DO YOU REBUILD YOUR CREDIT?

C Reviewing your credit file

Reviewing Your Credit File

- It Matters That Your Credit File Is Accurate
 - Companies that might provide you credit will look to your credit report and make credit decisions based on it.
 - Insurers or landlords may also use your credit report to determine whether to offer you insurance or rent you an apartment.
 - Employers may also ask to see it.

HOW DO YOU REBUILD YOUR CREDIT?

Reviewing Your Credit File (con't)

- How to Review Your Credit File
- Where to find your credit report:
 - You are entitled to one free report annually from each consumer reporting company (Equifax, Experian, TransUnion)
 - Important to review reports from each reporting company, because sometimes not all of your information is provided to each company
 - The CFPB has resources to walk you through the process:
<https://www.consumerfinance.gov/ask-cfpb/how-do-i-get-a-copy-of-my-credit-reports-en-5/>

HOW DO YOU REBUILD YOUR CREDIT?

Reviewing Your Credit File (con't)

- What to look for - CFPB checklist* includes 18 items:
 - Correct personal information, employment history, public record information
 - Accurate account information, including currently open accounts and balance information
 - Accurate debt and loan information
 - Accurate payment history
 - Outdated information?
 - Any concerns of identity theft?

* https://files.consumerfinance.gov/f/documents/201701_cfpb_Credit-report-review-checklist.pdf

HOW DO YOU REBUILD YOUR CREDIT?

Improving your credit score

- What affects your credit score?
 - Payment history: do you pay bills on time and regularly?
 - Total amount of balances owed
 - How much of your available credit is being used?
 - What is the length of your credit history?

Credit report review checklist

Once you get your credit report, you will want to review it carefully. Ordering it is not enough—you have to read it. Credit reports may have mistakes. And if there are mistakes, you are the only one who is likely to find them.

Use the following worksheet to review each section of your credit report. Do this for each credit report you get throughout the year. Then, keep the completed checklist with your credit report.

Your credit report contains a lot of personal and financial information. Be sure to keep any hard copies of your credit reports in a safe and secure place. If you do not want to hang on to your credit reports, be sure to shred them before getting rid of them.

Credit report review checklist

Today's date: Name of credit reporting agency:

1. Is your name correct? YES NO
2. Is your Social Security number correct? YES NO
3. Is your current address correct? Is your current phone number correct? YES NO
4. Are the previous addresses they have listed for you correct? YES NO
5. Is your marital status listed correctly? YES NO
6. Is the employment history they have listed for you accurate? YES NO
7. Is everything listed in the personal information section correct? YES NO
8. Is there anything listed in the public record information?
Is it correct? YES NO
Highlight the information you think may not be correct.

9. Are the accounts on the list still open?
Review each item under the credit account (trade account) section. YES NO
10. Are all of the current balances correct? YES NO
11. Are accounts where you are an authorized user or joint owner listed? YES NO
12. Are zero balances recorded for debts discharged in bankruptcy?
For debts paid in full? YES NO
13. Are you listed as a co-signer on a loan?
Is this correct? YES NO
14. Are accounts that you closed listed as "closed by the consumer"? YES NO
15. Is negative information reported on each credit account correct?
Look for late payments and missed payments. Highlight those items you think are not correct. YES NO
16. Are any accounts listed more than once?
Check to make sure the same account is not listed multiple times in the collections section. YES NO
17. Is old negative information still being reported?
If yes, highlight the information that has exceeded the negative information reporting limit, which is usually seven years. YES NO
18. Do you suspect that you have been the victim of identity theft after reviewing your credit reports? YES NO

If you find something wrong with your credit report, you should dispute it. You may contact both the credit reporting company and the creditor or institution that provided the information. Explain what you think is wrong and why.

To correct mistakes, it can help to contact both the credit reporting company and the source of the mistake. You may file a dispute not only with the credit reporting company, but also directly with the source of the information, and include

the same supporting documentation. However, there are certain circumstances where creditors and furnishing institutions are not required to investigate.

You may file your dispute online at each credit reporting agency's website.

If you file a dispute by mail, your dispute letter should include: Your complete name, address, and telephone number; your report confirmation

HOW DO YOU REBUILD YOUR CREDIT?

Improving your credit score (con't)

- What can you do to improve your credit score?
 - Most important: make payments on time
 - Set a bill calendar or text alerts to help
 - Make sure discharged debt is accurate reported on credit files
 - FICO score will take into account that balances are now \$0
 - Pay off credit card balances every month
 - Stay within debt limits that you are able to pay off

WHERE CAN YOU LEARN MORE INFORMATION?

- <https://www.uscourts.gov/services-forms/bankruptcy/bankruptcy-basics/discharge-bankruptcy-bankruptcy-basics>
- https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals_savings_plan_tool_2018-11_ADA.pdf
- https://files.consumerfinance.gov/f/documents/cfpb_ymyg-savings-booklet.pdf
- <https://www.consumerfinance.gov/ask-cfpb/how-do-i-get-a-copy-of-my-credit-reports-en-5>
- https://files.consumerfinance.gov/f/documents/201701_cfpb_Credit-report-review-checklist.pdf