



LIFE AFTER
BANKRUPTCY
REBUILD YOUR CREDIT



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Receiving a discharge letter after filing a bankruptcy is a bittersweet moment for most people. There is a sigh of relief in knowing that the tedious and time-consuming experience of filed paperwork, financial documents and meeting with court-appointed officials has come to an end.

However, the bitterness of figuring out how to restore your financial life after bankruptcy may seem overwhelming and unbearable at the same time.

After a discharge is granted, it is imperative to rebuild your credit (and your life) after bankruptcy.

Below are steps to take to positively influence your financial future going forward.



CHAPTER 1

Embrace the Present



Before you can move on with your life and the future of your finances, you must accept what has taken place due to your decision to file for bankruptcy. This includes the decisions and situations that led up to filing.

It is true that a bankruptcy filing will remain on your credit report for a 10-year period. However, its overall impact on your financial status will fade more and more with each passing year.

Once you have embraced the negative side of your financial past, you can focus on fortifying your financial future with progress and positivity.



CHAPTER 2

Create a Budget and Stick to It

The first financial step that you can take when living your life after bankruptcy is to create a solid budget and commit yourself to sticking to it without any exceptions. It may seem restrictive and drastically limited, but that is how it *supposed* to be if it is an effective budget.

Take the time to analyze your income and expenses. You could even use the documentation that you used to file your bankruptcy case as a starting point – especially since you would have already taken the time to analyze and document your income vs expenses throughout the year.

Review the notes, resources and other information that you received through your mandatory credit counseling and financial management courses before and after you filed for bankruptcy.

That insightful information can serve to be a huge help with creating and sticking to a budget as you work to rebuild your life and your credit.



CHAPTER 3

Establish an Emergency Fund

Once you have created a solid budget and made a firm plan that will allow you to stick to it, the next step of your life after bankruptcy needs to be establishing an emergency fund.

Keep in mind that you should financially prepare yourself (and your bank account) for the unexpected to happen. Emergency repairs and maintenance work, unexpected bills and other last-minute financial crises can easily emerge within your household at any time. Having a “safety net” of funds stored for emergency purposes is an essential lifeline that will keep you afloat financially during these times of distress.

It is highly recommended to build up an emergency fund of savings that equates 2-3 months of expenses. Doing so will help you to accommodate other life events that may arise unexpectedly – such as births, deaths and the loss of employment.

However, multiple reports claim that even saving a minimum of \$250 in your bank account for emergency purposes can protect your family from making such rash decisions as payday loans, title loans, maxing credit cards or diving headfirst into brand new debts.

Credit Score



CHAPTER 4

Create Strategy for Your Credit

In addition to reinforcing yourself financially, it is important to rebuild your credit.

The first step to rebuilding your credit after bankruptcy is to go back to basics: check your annual credit report. Keep in mind that your credit scores are calculated based on the positive (and negative) information found within the referenced items in and printed pages of your credit report.

You must take this document seriously – especially if it is filled with errors and inaccurate information that must be corrected. Take the necessary steps to dispute those errors as soon as possible to improve the quality of your score and the accuracy of your report.

It is highly recommended to track your credit score on a monthly basis. Doing so will allow you to regular monitor your progress and gain reassurance from watching your credit score increase month after month.



CHAPTER 5

Maintain Realistic Expectations

Bankruptcy has an adverse effect on your credit report and credit score. There is no way of getting around that. Your credit report will reflect your bankruptcy for 10 years. Therefore, even though you may successfully move forward with your life within the first few years after filing for bankruptcy, you must understand that your credit report will take more time to recover from it.

As long as you make wise decisions financially, you can eventually replace the negative impact of your bankruptcy with positive changes and choices.

However, you *must* maintain patience and realistic expectations – knowing that your credit report is not going to be magically repaired overnight by any means.

As long as you maintain realistic expectations about your life after bankruptcy, you will be able to rebuild your life and your credit over time with the proper mentality and effective approach.



CHAPTER 6

Do Not Fear the Threat of Retaliation

The threat of your past creditors and lenders retaliating against you may lurk in the shadows of your mind – haunting you as you consider new investment decisions and making new purchases after receiving your discharge paperwork.

Contrary to this popular misconception, it is imperative to maintain a health perspective in this regard.

Keep in mind that lenders and creditors can essentially remove your name from the list of concerns. It is not like they have to worry about you rushing to file bankruptcy again to eliminate *their* debts since you would not be able to receive another debt discharge for at least 8 years.

As long as you have a proper approach to your financial health and stability, you should never worry about your past and current creditors or lenders retaliating against you for filing for bankruptcy in the first place.



CHAPTER 7

Consider Secured Financing



As a strategic advantage and solution for rebuilding your credit, you should also consider secured financing options. For instance, you may decide to apply for a secured loan offered by a community bank or credit union. You can also apply for a secured credit card, which is backed by a deposit that you pay which is then turned into a credit limit that you can use to rebuild your credit.

The reality is that change of this caliber occurs through daily, consistent effort. Rome wasn't build in a day. By using these tools and making informed decisions, your life after bankruptcy will be on the fast track to reconstruction and restoration, and you'll finally be able to leave your financial woes behind.

REQUEST YOUR FREE CONSULTATION WITH VAN HORN LAW GROUP

Van Horn Law Group can help you to pay down, consolidate, renegotiate, and in some cases even eliminate your debts completely in order to give you a fresh start.

YES, I WANT A FREE
CASE EVALUATION

