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CHAPTER 7 vs. CHAPTER 13

	CHAPTER 7	CHAPTER 13
Type of Bankruptcy	Liquidation	Reorganization
Eligibility Restrictions	Disposable income must be low enough to pass the Chapter 7 Means test	Cannot have more than \$394,725 of unsecured debt or \$1,184,200 of secured debt per 11 U.S.C Section 109(e).
How long does it take to receive a Discharge	3-5 months	Upon completion of all Chapter 13 Plan Payments (3-5 years)
Benefits	Allows debtors to quickly Discharge most debts and get a fresh start	Allows debtors to keep their property and catch up on missed mortgage, car and nondischargeable priority debt payments. Allows removing unsecured junior liens from real property through lien stripping if requirements are satisfied. Allows reducing the principal loan balance on a secured debt through loan cramdown if requirements are satisfied.
Drawbacks	Trustee can sell nonexempt property. Does not provide a way to catch up on missed payments to avoid foreclosure or repossession.	MUST MAKE MONTHLY PAYMENTS to the Chapter 13 Trustee for 3-5 years to pay back a portion of general unsecured debts.

PLEASE BE ADVISED THAT DOCUMENT PREPARERS CANNOT PROVIDE YOU WITH LEGAL ADVICE, IF YOU NEED LEGAL ADVICE, PLEASE CONTACT AN ATTORNEY.

