



How Bankruptcy Can Help You Reinstatement Your Drivers License



What Is Bankruptcy?

Bankruptcy is a legal proceeding in federal court to stop creditors from seeking to collect debts until the debts are sorted out according to law. Filing for bankruptcy is complicated, and it is best to have a specialized bankruptcy attorney assist you with the process. There are many reasons a license can be suspended, and bankruptcy is only a solution for a few of those reasons. Filing a bankruptcy can help you get your drivers license back if you owe a considerable amount of money due to an uninsured accident.



Suspension Related Debts That CAN Be Discharged in Bankruptcy:

- Money you owe an insurance company because of a car accident, so long as you were not under the influence of drugs or alcohol at the time of the accident.
- Reinstatement Fees
- Court Costs



Suspension Related Debts That CANNOT Be Discharged in Bankruptcy:

- Traffic tickets
- Court fines
- Domestic Support Obligations (Child support or spousal support)



Reinstatement Can Happen Immediately after You File Bankruptcy

- When you file a bankruptcy, an automatic stay goes into place. This stay prevents most collection efforts from continuing. This includes the continued suspension of a drivers license.
- However, there may be other things you need to do to have your license reinstated. For example:
 - Provide proof of an SR-22 Bond
 - Clear a warrant block from the court that issued the warrant
 - Pay a Court Fine
 - Get a release from Child Support Enforcement
 - Re-take the driving exam
 - Take a remedial driving class



What is a Chapter 7 Bankruptcy Filing?

A Chapter 7 bankruptcy fully discharges most “unsecured” debt. It is designed to give you a fresh start. “Secured debt” is debt on which a lender has kept a right to claim the property if the debt is not paid. For example, the lender for a home loan will keep a mortgage on the house. If the debt is not paid, the lender can foreclose on the mortgage and force a sale of the house to pay the loan. The same applies to motor vehicles and other property on which a lender has taken a lien. If you have secured debts, you can choose whether to continue to pay the debt (which is called reaffirmation), pay the market value of the item (which is usually referred to as “redemption”) or return the secured item to the creditor. The filing fee is \$338. Fee waivers or installment plans are available for eligible debtors.



What is a Chapter 13 Bankruptcy Filing?

In a Chapter 13, secured and unsecured debts are paid under a repayment plan. The plan must be completed within 3 to 5 years. Chapter 13 is often used when the debtor has regular income and is behind on payments for a home or car and wishes to keep the property. Chapter 13 allows the missed payments to be paid over time under the plan. The filing fee is \$313.



BEWARE! If you are planning to file for bankruptcy, make sure you plan ahead and take the following steps:

- Tax Returns – If you are expecting a tax refund within the next year, **do not use the refund to repay a family member or other single creditor**. It is ok to spend the money on normal living expenses, but keep track of how you use the money. Earned income tax credit and additional child tax credit are generally protected, but the bankruptcy court will care what you do with the money.
- New Loans – Avoid signing onto new debt right before filing. You may be at risk of not being able to discharge the debt in the bankruptcy. Be careful about signing short-term loan paperwork (like tax refund loans, payday loans, vehicle title loans); it usually says in the fine print that you’re not planning to file bankruptcy – but you are thinking about bankruptcy.
- Credit Cards – It is best to stop using your credit cards. The amounts you charge in the 90 days before you file bankruptcy may not be dischargeable.
- Transferring Property – do not give anyone or transfer any property out of your name and into the name of someone else. Don’t buy something – like a vehicle – and put it in the name of someone else.
- Any pending litigation – If you have a current claim for money against anybody else, you may want to consider how filing for bankruptcy will affect it. Even if you don’t have a judgment against any particular person at this time, you may be at risk of having to turn over the money to the bankruptcy court to distribute to your creditors.

If you are interested in filing bankruptcy, please contact our intake line at 614-241-2001 or toll free at 1-888-246-4420 or by going to www.columbuslegalaid.org

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