

Title:

Are You Allow To Keep Your Credit Cards In A Bankruptcy?

Word Count:

521

Summary:

Many bankruptcy filers are wondering whether they are entitled to keep one or several credit cards for emergencies backup. This article will let your know under which circumstances you could keep your credit card in a bankruptcy.

Keywords:

credit card, bankruptcy, chapter 7, chapter 13, debt relief, debt free, credit scores, credit rating

Article Body:

Many bankruptcy filers are wondering whether they are entitled to keep one or several credit cards for emergencies backup. In general, you may not because your credit cards will be cancelled regardless, since you file the bankruptcy. The credit card issuers tend to punish their card holders for filling any kind of bankruptcy; in most cases, the credit cards of bankruptcy filers will be terminated once they file for a bankruptcy. But there are some exemptions where terms and conditions will be applied to enable the bankruptcy filers to continue holding their credit cards.

There are some exceptions applicable only to chapter 7 bankruptcy filers. Some credit card's issuers will allow you to keep your credit card but with a sized down credit limit, and in return you need to repay them for some of your debts. In fact, some companies will automatically send you or your attorney a proposed reaffirmation agreement, a contract between you and your creditor that you will pay all or a portion of the money owed, despite the bankruptcy filing, in exchange for a minimal amount of new credit.

Beside the sized down credit limit, a chapter 7 bankruptcy filers may allow to keep their credit cards by some of their card issuers but the interest rate will be revised to a higher than the normal interest rate. But, if you can always pay your credit balance in full each month, you will never incur a finance charge, and the high interest rate won't hurt you.

Other than chapter 7 bankruptcy filers, all credit cards must be given up at the filling of bankruptcy. However, there are credit card holders who have

maintained their credit cards at zero balance for a long period of time do not report their credit cards during the filing. This action can be considered illegal since in effect your preference on one creditor (your credit card issuer) over other creditors, because repayment ordination is a trustee job.

If you are not eligible to file under chapter 7 or even you are filling under chapter 7 but you didn't manage to get approval from your credit card issuers to keep your credit cards, the best thing is report all your credit cards and give them up. In most cases, your need to wait until the bankruptcy filing has cleared and then work with a debt management consultant to rebuilt your credit step by step. Of course, in the months and years after the bankruptcy filling, you may not be eligible for top-tier or even middle-tier credit cards.

But with some efforts and fiscal strategy such pay your monthly credit balance in full and on schedule will help you to rebuilt your good credit record and you can begin to erase the stigma of the bankruptcy; and eventually put you back in the realm of good to high credit score.

In Summary

In most cases, bankruptcy filers need to give up their credit cards. But, there are exceptions for bankruptcy filers in chapter 7, the debtors who file their bankruptcy under chapter 7 may allow to keep their credit cards with some terms and conditions.