

In re: Boardman, No. 10-12656 (Bankr. ND Calif., February 7, 2011).

When filing for Chapter 13 [bankruptcy](#), you cannot change or lower the amount you owe a creditor if their interest is secured. A secured creditor is one who has some property of yours as collateral. Examples include [mortgages](#), and car loans. If you do not pay on these loans, the creditor can come and take your home or your car from you. This right is also protected in bankruptcy court – although a creditor who is secured may not come after your property during the bankruptcy process, their rights are protected so that you cannot change them.

Despite this prohibition on changing secured creditors' rights, you can change their rights for loans on your home that you also rent out.

In this case, a man owned one piece of land, with two homes on it – he lived in one, and rented the other. He owed the bank \$629,000, but wanted to change that amount to \$400,000 because the price of the home had gone down. The court allowed him to pay only \$400,000. Even though the loan documents only referred to “one home” on the property, the court found the man had not meant to deceive the lender.

When considering bankruptcy it is always best to [consult](#) with a local bankruptcy attorney to discuss your options.

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