

Bankruptcy in Fresno, CA: Protecting a Co-Signor

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Many individuals cannot qualify for a loan without the assistance of a [co-signor](#). In fact, if it wasn't for a parent, relative, or good friend to back you up, you would never get any credit. If you are planning to file for [bankruptcy protection](#), you are probably concerned with what will happen to your co-signor. Below is some general guidance to help ease your mind.

If you file a [Chapter 7](#) bankruptcy, then most creditors will enforce the co-signor's liability to pay the loan. Chapter 7 does not provide protection for your co-signors. Thus, it is essential that you warn your co-signor of this fact before you file your bankruptcy.

Under a [Chapter 13](#) filing, however, things are very different. Chapter 13 provides debtor's with the "co-debtor stay." If the purpose of the loan is not business related and the co-signer receives no material benefit from the loan, then co-signers will receive protection from the bankruptcy court. This protection starts with a stay of all credit collections. If the debtor meets all his payments throughout the bankruptcy period, then the debts will either be repaid or discharged at the conclusion of the bankruptcy. Hopefully you have read my blog titled "[Co-Debtor Stay in Chapter 13 Bankruptcy.](#)"

If you have been trying to postpone a bankruptcy filing for fear of what it will mean for your co-signor, you should meet with a qualified attorney to discuss a Chapter 13 filing. Nobody wants to put somebody who helped them into a bad position, but it may be possible to obtain the financial relief you need and protect your co-signor too.

About Jerry R. Lowe

If you are considering filing for bankruptcy protection, call Fresno bankruptcy attorney [Jerry R. Lowe](#) at (559)513-8535. Mr. Lowe provides representation for debtors in Chapter 7 and Chapter 13 bankruptcy matters throughout California's Central Valley in communities such as Fresno, Clovis, Reedley, Sanger, Selma, Madera, Chowchilla, Oakhurst, Coarsegold, Auberry, Prather, Coalinga, Avenal, Corcoran, Hanford, Lemoore, Tulare and Visalia.