Do not assume that, because you filed bankruptcy, you later will have to get credit on the worst terms. If you can’t get credit on decent terms right after bankruptcy, it may be better to wait. Most lenders will not hold the bankruptcy against you if, after a few years, you can show that you have avoided problems and can manage your debts.

Be wary of auto dealers, mortgage brokers, and lenders who advertise: “Bankruptcy? Bad Credit? No Credit? No Problem!” They may give you a loan after bankruptcy, but at a very high cost. The extra costs and fees on these loans can make it impossible for you to keep up the loan payments. Getting this kind of loan can ruin your chances to rebuild your credit.

You should also avoid other credit offers that are aimed at recent bankruptcy filers. These may be an attempt to collect discharged debt in the form of a “disguised” reaffirmation agreement. For example, carefully read any credit card or other credit offer from a company that claims to own a debt you discharged or represent a lender you listed in your bankruptcy. This may be from a debt collection company that is trying to trick you into reaffirming a debt. The offer’s fine print may require that some or all of the balance from the discharged debt is added to the new account.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
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