

## Chapter 13 Bankruptcy: How It Effects Your Home

There is no doubt that filing chapter 13 bankruptcy will effect your mortgage, but the question is what will it do? When you file, it will remain on your credit report for up to ten years. During that time, every time that you apply for any credit, from a home mortgage to a car loan to a simple credit card, the lender will see this on your credit report and will then need to decide if in fact they should give you credit. In many cases, the answer will be no. When it comes to purchasing a home, this large commitment may be that much harder to get.

### Options For Individuals

But, there are options for many people who are in chapter 13 bankruptcy or have found themselves with the ability to pay for a mortgage but have this black mark on their credit history. Buying home when you are in this situation will be tricky. Here are some tips to help you through.

? There are lenders willing to work with individuals who are capable of paying their mortgage on time. Although you have this black mark on your history, some lenders will still work with you if you have a good history of steady income. Unlike a credit card, people are often more aware that they need to pay their home payments before anything else because it only takes one behind payment to get into foreclosure. Lenders realize this and some will offer payments to individuals in this situation.

? Do anything and everything you can to build your credit history. Yes, you have bankruptcy on it, but you still need to insure that you are a good risk. One way to do this is to make your payments on time. This is very important to lenders. If you have a car payment, make sure that you pay it on time every month. The same goes with any credit cards you may have.

? Work on your credit score. To improve your credit score, you'll need to work hard. Pay off as many of the debts that you still have because this will improve your credit to debt ratio, a big number for lenders. Another thing that you can consider is getting a credit card. Now, you will find that these are very costly, but having just one that you pay off completely every month can really help you to re-establish your credit worthiness. Relief will then come in from lenders who see that you have pulled yourself together again.

### Refinancing

What about getting refinancing mortgage while in chapter 13 ? This is often a difficult thing as well. For many individuals, refinancing is just what they need. Here's why. Refinancing re-starts your loan so to speak. So, if you have been paying on it for five years, it will lengthen the loan back to the original number of years but in turn, the payments for your mortgage are lowered. This can really make a huge difference for individuals who need the money monthly. You'll find that lenders in NH and various other locations do just this for you. There are many companies willing to work with those who are in chapter 13 bankruptcy.

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