

E is for Equity

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Equity. It is usually your friend. If you are in bankruptcy, it can be an issue. Simply put, equity is what you actually “own” in your property. For instance, if you have a car that is worth \$10,000 and you still owe \$6,000 on the loan, then you have \$4,000 in equity. Same goes for your house. So how does this cause problems in bankruptcy?

Equity in Your Car

If you file for bankruptcy any non-exempt equity you have in your car is part of your bankruptcy estate. This means if you have a car with a lot of non-exempt equity you could have to give it up so that it can be sold and the money paid to your creditors. So what is “non-exempt” equity?

In Arizona there are laws that protect your stuff. They are called [Exemptions](#). For example, in Arizona you have a \$5,000 exemption for a car. This means that you can have up to \$5,000 in equity in your car that is protected. So if you have a car that you own outright that is worth \$5,000 or less, it is completely protected in your bankruptcy case.

Likewise, if you have a car that is worth \$15,000 but you still owe \$10,000, you can still keep the car in your bankruptcy because you only have \$5,000 in equity – or \$5,000 of the car that you actually own.

If you need to file a [Chapter 7 bankruptcy](#), it is vital that we determine how much equity you have in all of your property and what Arizona exemption law applies. I can help you

in evaluating your case and helping you move forward. My bankruptcy consultations are always free. I can be reached at (480) 420-4028 or via email at john@skibalaw.com.

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