

## A creditor is suing me! Should I file bankruptcy?

Being sued by a creditor is sure to get your attention. What would be the result of filing bankruptcy or not doing that?

First, **the question of whether bankruptcy is or is not a good option for you is a whole other subject** and one that you should discuss with an experienced bankruptcy attorney. Here, we'll assume that you will find that out and we'll explore what would happen if you do or do not file bankruptcy.

**If filing bankruptcy is a good option for you, then going ahead and filing would probably be a very good thing.** Here's what it would accomplish:

- Stop all creditor actions against you, including that lawsuit.
- Prevent other creditors from starting any actions against you.
- After a certain amount of time, discharge (eliminate) your debts.

**If filing bankruptcy is not a good option for you, or you just don't want to do it, then what happens?**

- Regarding that lawsuit, you should file an "answer" within the time specified (probably 30 days). If you then do all the things required, in California that lawsuit would not go to trial and a possible judgment against you for probably six months to a year.
- If you don't file an answer on time, then the creditor may get a default judgment against you much sooner.
- If that lawsuit results in a judgment for your creditor (now called a "**judgment creditor**"), then they can take money from your bank accounts, garnish your wages, or sell your property that is not "exempt" from creditors.

### Could the judgment creditor sell my house?

If there is enough equity in your house (current value less amount owed on it) above the California "homestead exemption", and the judgment is for enough money that it makes sense for the judgment creditor to do so, they could force a sale of your house. There are a lot of "ifs" there, and it's complex and expensive for a creditor to force the sale of your home, but it could happen if the money to the creditor is high enough. If you see that coming, you would probably be better off selling the house yourself (you would probably get more money for it) and use the money to pay the judgment amount.

That's all, folks. Of course it leaves unanswered more questions than it answers, but it's an overview of a difficult situation. See a nearby friendly, experienced bankruptcy attorney to discuss your options in more detail.

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