

Fraudulent Conveyances: Discussed by a Local Bankruptcy Lawyer in Phoenix, Arizona.

Question: Can I transfer ownership of my car before filing for bankruptcy?

I want to file for bankruptcy but I do not want to lose my car. Can I sell it to a relative and transfer the ownership before I file so that I can keep it? I want to sell it for a little bit of money then I will buy it back after bankruptcy is over. Is that legal?

Answer: No.... not unless you are a fan of black and white stripes, that is.

You are not the first person to file for bankruptcy. More importantly, you are not the first person to file for bankruptcy while owning a valuable asset - one that you would like to keep. Unfortunately, the bankruptcy code does not allow fraudulent conveyances, or the transfer of property that is made to swindle, hinder, or delay a creditor, or to put such property beyond his or her reach.

Remember that the bankruptcy code was written as a compromise between both the debtor and the creditors involved. As an Arizona debtor, you are specific exemptions that have been deemed necessary to facilitate a financial fresh start. However, your creditors are also protected. It would not be fair to your creditors if you kept non-exempt property while eliminating your debt to them.

Whether you want to believe it or not, the bankruptcy trustee assigned to your case has probably been around the block a few times. Remember, it is their job to sufficiently explore your financial situation to ensure that your creditors are properly protected according to the bankruptcy code - they can smell these assets a mile away. If your bankruptcy trustee discovers a preference transfer of your automobile to a friend or family member, they will claim the automobile and you may face criminal punishment.

However, there are ways to handle an automobile in bankruptcy. If you are filing for [chapter 7 bankruptcy](#), you are allowed a vehicle exemption. In Arizona, this amounts to \$5,000 dollars per Arizona debtor. If your vehicle equity exceeds this protected amount, there are still options. For example, you may consider decreasing the equity in your vehicle by taking a loan against the title. The cash you receive must be spent prior to filing, and the lien created against the vehicle will not be eliminated in bankruptcy.

Another option is to consider filing for chapter 13 bankruptcy protection. [Chapter 13 bankruptcy](#) allows a debtor to retain property that would be considered non-exempt under chapter 7 of the bankruptcy code. If you would like to retain such property by filing for chapter 13 bankruptcy protection, it is important that you consult with a bankruptcy attorney that can ensure the amount paid to your unsecured creditors exceeds the value of your non-exempt items.

As always, if you are considering filing for [chapter 13 bankruptcy protection](#), it is important that you consult with an experienced and honest bankruptcy lawyer about your case. If you are looking for a cheap and experienced Phoenix, AZ bankruptcy lawyer....look no further. You have found him. I am an honest and experienced local bankruptcy lawyer that serves clients in both the Phoenix and Casa Grande metro areas.

