



TAMPA BAY BANKRUPTCY CENTER, P.A.

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How to Redeem Your Property in Chapter 7 Bankruptcy

When you file for Chapter 7 bankruptcy, most of your assets are sold to raise money to repay your debts. Obviously, you would try to keep as many of your properties as possible. There are some properties that can be redeemed and thus kept under Chapter 7 bankruptcy.

You redeem a secured property by paying off the secured portion of a loan. By so doing, you will be able to reduce your monthly debt payments by reducing the outstanding balance and hence keep the property. Let's say you want to redeem a vehicle valued at \$15,000 which has a loan of \$22,000 on it. You would pay the value of your vehicle (\$15,000) in cash and get to keep the property. The balance of \$7,000 is regarded as an unsecured debt and may be discharged depending on the details of the bankruptcy case.

However, redemption can only be applied to personal properties such as vehicles, household appliances etc that are used by you and your household. All forms of real estate do not fall under the category of personal property so they cannot be redeemed in bankruptcy. For real estate, you have other options to keep them when a mortgage is not fully secured by the value of the property.

Likewise, business property is also not eligible for redemption in Chapter 7 bankruptcy. While a personal vehicle can be redeemed, a car registered under your business name cannot even though you use it as a sole proprietor.

If you wish to redeem your personal property, call us at (813) 200 4133 to schedule an appointment for a free consultation. When you engage us, we will help you file a motion for redemption with the bankruptcy court.

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Alternatively, you can look into other ways to keep your property such as reaffirmation. If you redeem your property, you will be discharged of future debt although it will entail some lump sum payment. On the other hand, if you reaffirm your loan, you will be subject to post-bankruptcy loan obligations. We will discuss the viability of keeping your property in light of all the options when you call us at (813) 200 4133.