

THE BROWN LAW FIRM

Board Certified Bankruptcy Counsel · Serving Texas

BANKRUPTCY IN TEXAS

Before You File

The moves that help your case, and the mistakes to avoid, in the months before you file.

Some of the most damaging bankruptcy mistakes happen before a case is ever filed. They are also the easiest to avoid, once you know what to watch for.

JEROME A. BROWN · BOARD CERTIFIED IN CONSUMER & BUSINESS BANKRUPTCY LAW, TEXAS
BOARD OF LEGAL SPECIALIZATION

Offices in Austin and Victoria · Free initial consultation

The months before you file matter as much as the filing itself.

Some of the most damaging bankruptcy mistakes happen before a case is ever filed, while people are still trying to manage the problem alone. The good news is they are easy to avoid once you know what to watch for, and the single most important step is simple: talk to us before you make any big financial moves.

SECTION ONE

What Helps Your Case

What is the most important thing to do before I file?

Get advice before you act. Most of the costly mistakes people make happen in the weeks before filing, while they are still trying to handle the problem on their own. A short conversation early can save you from steps that are hard or impossible to undo later. Nothing here costs you anything: the initial consultation is free.

Should I keep paying my mortgage and car payment?

Yes, if you intend to keep the house or the car. Staying current on the things you want to hold onto protects them. Whether to keep paying other debts is a different question, and one worth asking us before you decide, because the answer is not the same for every debt.

Do I need to file my tax returns first?

Yes. If you have tax returns that are due, get them filed, ideally before you file your bankruptcy. Current returns matter to your case, and unfiled ones can hold things up. If you are behind, tell us, and we will help you sort out the order of operations.

How complete do I have to be about my debts and property?

Completely. Bankruptcy is built on full, honest disclosure of everything you owe and everything you own, even the things that feel embarrassing or small. Leaving something out, even by accident, can delay your case or cost you your discharge. *To make sure nothing slips through the cracks, part of our process is pulling your credit report from all three bureaus, so we catch debts you might not even remember.* The more we know, the better we can protect you.

SECTION TWO

What Can Hurt It

Should I cash in my 401(k) or IRA to pay down debt first?

No, please talk to us first. Retirement accounts are usually protected in bankruptcy, so draining one to pay creditors often means spending an asset you could have kept, and triggering taxes and penalties on top of it. Many people do lasting damage to their future this way before they ever get advice.

Should I use my credit cards or take cash advances before filing?

No, and the simplest way to avoid the whole problem is to stop using credit cards immediately. Charges for luxury items, or cash advances, in roughly the 90 days before filing get extra scrutiny and can be presumed improper, which means they may not be wiped out even if you meant no harm. Stop now, and let us review anything recent.

Should I pay back money I borrowed from family or friends first?

No, and do not repay anyone without talking to us first. Repaying someone close to you in roughly the year before filing can be undone by the trustee, who can require that person to return the money. It feels like the honest thing to do, but the timing creates a real problem. Tell us about any money you owe to family or friends, and any you have already repaid, so we can handle it the right way.

Should I move money or property out of my name to protect it?

No. Transferring property to someone else, or moving money around to keep it out of the case, is a serious mistake, and it can be illegal. It is also usually unnecessary: Texas exemptions already protect most of what people own, and we plan for that openly and properly. If you have made transfers recently, tell us.

What about my tax refund?

A tax refund can count as an asset in your case, so both the timing of your filing and how you handle a refund can matter. This is exactly the kind of thing to raise with us before you file or spend it, so it is handled in a way that protects you.

General information, not legal advice.

This guide explains, in general terms, how bankruptcy tends to work for individuals in Texas. It is **not legal advice** and does not create an attorney-client relationship. Bankruptcy outcomes turn on the specific facts of your situation, your district, and current law, all of which change from one case to the next.

Before you act on anything here, talk with a bankruptcy attorney about your own circumstances. That is the only way to know how these rules apply to you.

Thinking about filing? Talk to us before you make a move.

Schedule a free, no-obligation phone consultation with The Brown Law Firm.

Text us: (512) 306-0092

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