
REBUILDING

YOUR LIFE AFTER



BANKRUPTCY



It's Easier Than You Think

Written by **Frances A. Tomes, Esq.**

Tomes Law Firm, PC

Praise for Frances A. Tomes

At 720CreditScore.com, we work with the country's finest bankruptcy attorneys. Our attorneys must look at the full picture. Any bankruptcy attorney can file a bankruptcy: Our attorneys have to be committed to serving their clients, helping them get back on their feet and rebuild their credit after a bankruptcy.

It is with great pleasure that I can say that Frances A. Tomes is one such attorney, but people do not hire her because she is a great attorney. People hire Frances because she will help them rebound quickly using the techniques in this booklet.

If you are contemplating bankruptcy, I encourage you to consider continuing your conversation with Frances A. Tomes, an extraordinary attorney in New Jersey. Frances can help you use your bankruptcy as a turning point that marks the beginning of a new—and better—chapter in your life.

Sincerely,

Philip Tirone
Founder, 720CreditScore.com

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“ *I followed this plan after my bankruptcy and two years later got a home loan at 3% interest rate. Thank you so much, my life is better and so is my credit!*

Dorinda

“ *I declared bankruptcy and was paying \$594 per month on a used car, it was horrible. I followed these techniques and six months later I bought a new car with a \$277 a month payment at 4.5% interest. I was BLOWN AWAY!*

Sheri

“ *Two years and two days after filing bankruptcy, I ended up closing on a brand new home with 5% down and a 3.25% interest rate. We never thought that we'd be able to buy a home this quickly, thank you for teaching us how to rebuild our lives after bankruptcy.*

Travis

Rebuilding Your Life After Bankruptcy

It's easier than you think

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Bankruptcy: The Kindest Thing You Can Do For Yourself

Most people are terrified when they think of bankruptcy.

They think that bankruptcy will make an already bad situation even worse.

You know that feeling: Your bills are piling up. You are wondering if you can possibly get the money to pay them — and that feeling multiplies when your car breaks down. That feeling is so paralyzing that it stops people from taking rational steps: They will do anything to just make that feeling go away.

For some people, this means ignoring the problem entirely. They stop paying their bills, and the mail piles up, as do the unanswered calls from collection agencies. One, three, even five years later, the mail is still unopened, and the problem has intensified. Perhaps they attempt debt negotiation — a viable solution, assuming they have a large chunk of money to settle the unpaid bills.

More often than not, people facing financial problems worry so much that they cannot focus on the solutions in front of them. There is so much emotion packed into that awful feeling that it can be difficult to be clear-headed and strategic about financial problems. Eventually, most people check out. They start tossing the letters in the trash and burying their head in the sand. They do not want to feel that awful feeling, so they do not think about it. They cannot plan for the future because they are scared to think about the future.

Here is the truth: If your bills are piling up, and you have that sinking feeling in the pit of your stomach every time you think of your finances, bankruptcy might be the kindest thing you can do for yourself. It will give you an opportunity to wipe the slate clean and start over. Your pile of unopened bills will shrink, you won't have to send all those calls to voicemail, and you will feel peaceful and calm.

Bankruptcy might feel embarrassing, but every single person in society — from the entry-level administrative person to the CEO to the NFL player — has made bad financial decisions. Some of these decisions are followed by a stroke of luck that allow people to recover, but others do not allow for recovery.

This is where bankruptcy comes into play. From the beginning of time, civilized governments have acknowledged the frequency and impact of financial misfortunes, and they have always created laws to help people recover. In ancient times, all debt was forgiven every seven years. Today, our government intentionally created bankruptcy laws to give people who have struggled another opportunity.

In fact, I do not believe that you will need to recover from bankruptcy. Rather, you can recover *through* bankruptcy. Declaring bankruptcy is not for everyone – and I will be the first to tell you if bankruptcy is not for you. But if you are a candidate for bankruptcy, it might be the smartest financial decision you can make.

This might come as a surprise. After all, isn't bankruptcy the last option? Won't it make your financial future even worse?

Not at all. No.

If you are struggling with your finances, and you do not have an immediate and solid plan for finding financial relief, you will continue to struggle in the coming years, maybe even decades. As you fight to stay afloat, that feeling of dread will intensify, and your financial situation will continue to erode. Your credit score will shrink. Your debt will grow. And that feeling will not go away.

Your financial stress will take over your life. Instead of focusing on your family, your friends, your career, or your hobbies, you will spend most of your time worrying about money.

Bankruptcy *sounds* bad, but in reality, people who have declared bankruptcy say that it was their lifeline. When you start over and declare bankruptcy, that feeling in the pit of your stomach goes away. You can finally start saving money. You can pay your bills on time. What's more, you can breathe a sigh of relief.

You will feel peaceful, clear-headed, and worry-free for the first time in a long while. You can stop feeling sick every time you receive a collection letter. You can finally start focusing on your family, your friends, your career, and your hobbies.

And in 12 to 24 months, guess what? You will have a terrific credit score. I know that sounds impossible, but I have seen it happen over and over.

Most people think they will suffer in the years following a bankruptcy, but that isn't true. If you take the proper steps of filing bankruptcy, do your research, and know about the process, declaring bankruptcy could very well end up being the best thing that happened to you.

In this book, you will learn how to recover from bankruptcy, face your fears, and take all the right steps so that your future is brighter than your past. Assuming you are a candidate for bankruptcy, you will learn that recovering from bankruptcy isn't nearly as hard as you think. In fact, you can recover *through* bankruptcy.

Five Steps to Recovering From Bankruptcy

It's easier than you think

First things first: Most people who have declared bankruptcy think that their credit scores and their personal finances are ruined for the next ten years.

But this is not true. Once you file bankruptcy, you will feel financial stability immediately, and you can have a great credit score — 720 or higher — within 12 to 24 months of discharge (for Chapter 7) or confirmation (for Chapter 13), provided you take the right steps.

Bankruptcy is a powerful life changer. You might feel anxious and worried today, but I promise you that if you follow the advice in this book, declaring bankruptcy will be a pivot point — a time when your life changed suddenly and for the best.

In this book, I explain the steps to making the most of your bankruptcy. I will show you how easy it is to repair your credit score, and I will address your other fears — like whether your friends and your employers will find out about your bankruptcy, and what to say if they do.

After working with thousands of bankruptcy clients, I have identified five patterns of behavior – five **easy** patterns of behavior – that set apart those people who use their bankruptcy as an opportunity to turn over a new leaf and start anew.

To recover from bankruptcy fast, here are five steps you must take:

1. Face your fears.
2. Start immediately.
3. Open new lines of credit **without** accruing debt (yes, you'll learn the strategy for this).
4. Be intentional.
5. Communicate clearly, directly, and honestly.

Step 1:

Facing Your Fears

The word “bankruptcy” is packed with all sorts of negative emotional triggers.

It just sounds bad—even dirty. It’s embarrassing. (What if people find out?!) People paint ugly pictures of what their lives will look like post-bankruptcy.

But it’s just not true.

Bankruptcy is an opportunity to close one chapter of your life and open a new chapter—a better chapter. In this new chapter of your life, you get to make choices without the constant pressure of creditors breathing down your back. Your days will feel easier, your responsibilities more manageable, and your choices more abundant.

To make the most of this new chapter, though, you have to face your fears. What I mean by “facing your fears” is this: Instead of worrying about how your bankruptcy will impact your life, make a plan so that you are in control. Intentionally set a course of action to make sure that your bankruptcy does not negatively impact your life.

What does “facing your fears” look like?

1. Start by making a list of all the things you are worried about with respect to your bankruptcy. This is important because it gives you the power to begin taking action steps to mitigate this fear. If the fear exists in your mind, but you have not put it to paper, you will continue ruminating about all of the *what ifs*. This will cause your feelings of fear to intensify.

Instead, make a simple list of your fears. This list might include things like:

- *I am worried that my friends and my family will find out.*
- *I am worried that my boss will find out.*
- *I am worried that I will not qualify for loans or credit cards.*
- *I am worried about my credit score.*
- *I am worried that I will be unable to get a job.*

2. Now, for each item on the list, make a list of all the things that are within your control that you can do to manage your fears.

For instance, let’s say that you are worried that your friends and your family will find out (which is highly unlikely—more on this later). What are the things that are within your control that you can do to manage

your fears? You might decide that you will feel better if you tell them directly about your bankruptcy. If this is your decision, you can then go about deciding when and how you will tell them. (See the chapter called “Communicating Clearly, Directly, and Honestly” for tips about disclosing your bankruptcy to friends, family members, and bosses.)

On the other hand, you might decide that because friends and family members are unlikely to find out about your bankruptcy, you will refrain from telling them but, instead, create a plan for responding to their inquiries should they somehow find out (which is highly unlikely).

There is no right or wrong answer here. The important part is that you face your fears and determine what you can do that is within your control to address them. Having a plan will put many of your fears to rest.

What are some of the other things you can do to face your fears? If you are worried about the impact the bankruptcy will have on your credit score, you can learn everything you can about credit-scoring, budgeting, and managing finances so that you feel empowered to make strong financial choices and build a better future for yourself and your family. You can talk to your bankruptcy attorney and ask for tips and advice.

You can read books, take courses, or go online and search for free information.

If you would like to talk to me about any of your fears, here is your chance! Make a list of your top fears here, and we will review them during our next consultation.

The truth is: People declare bankruptcy all the time, and they go on to live lives that are filled with happiness, laughter, and financial security. Your bankruptcy will not be a negative force if you make a proactive decision to face your fears and recover *through* bankruptcy. If you decide, right here and now, that your bankruptcy is going to be a positive force, then it will be!

Now, let's take a look at how "facing your fears" can help you improve your credit score, sometimes within just 12 to 24 months of discharging your Chapter 7 bankruptcy or confirming your Chapter 13.

Step 2:

Start — and STAT!

When I began my career as a bankruptcy attorney, I noticed something odd:

My clients who purchased cars after declaring bankruptcy were paying a lot of extra money — sometimes \$200 or \$250 a month — on their car payments.

This didn't make sense. After all, their financial situations had improved. Most of their debt had been wiped off the books. I knew they could afford the cars, so why were the banks giving them such high interest rates?

Then I began to see a pattern. People would declare bankruptcy, wipe their hands clean of credit, and even though they could afford new cars because they had no debt, they had low credit scores. I began looking for ways for my clients to rebuild their credit scores so that they did not have to pay high interest rates. I found that most of the free information on the Internet was contradictory, incomplete, or confusing. I needed to find someone who could give me concrete, solid advice.

I found a program called *7 Steps to a 720 Credit Score*. The program gave solid advice, but it was too expensive for my clients. How could my clients pay \$1,000 to take a course when they had just declared bankruptcy?

I knew I had to do something. After all, my commitment is to help my clients recover through bankruptcy. That is, I want them to use bankruptcy as a tool to turn their lives around. I had to address their credit scores and help them find a way to rebuild their credit, so I decided to contract with 720CreditScore.com, the creator of the program *7 Steps to a 720 Credit Score*.

The program normally costs \$1,000, but I buy the course in bulk, which means I can provide it to my clients without the hefty price tag. All of my clients have an opportunity to go through the course, which is a series of video tutorials that you can complete over the course of one to eight weeks, putting you on the path to a 720 credit score.

Here is one of the most important takeaways from the program: **You have to start immediately**. Most people with bad credit think that time will heal their wounds. They declare bankruptcy, and then bide their time, thinking that once the bankruptcy falls off their credit report in ten years, their finances and their credit score will magically improve.

But this is not the way it works.

To understand how credit-scoring works as it pertains to your bankruptcy, there are two things you need to know:

1. No credit is just as bad as poor credit. If you decide to wipe your hands clean of all credit, shred your credit cards, and become a cash-only citizen, your credit score will still be bad in ten years, even once that bankruptcy falls off your credit report.

Credit-scoring bureaus need to have evidence that you can manage credit. If you stop using credit, they will not know whether you are a responsible borrower or an irresponsible borrower. *Better safe than sorry*, they will assume, and they will assign you a low credit score — particularly if you have been through a bankruptcy.

To have a high credit score, which is 720 or above, you need to have and use credit.

2. Credit scoring bureaus place more emphasis on recent behavior than on past behavior. This means that while a bankruptcy will hurt your score initially, its impact on your credit score will gradually start to fade as time passes.

If you begin to use credit responsibly, the bankruptcy will drop into the background as your new-and-

improved behavior emerges and takes center stage. In 12 or 24 months, the bankruptcy will not matter nearly as much as the on-time payments, the low balance-to-limit ratios, and all the other proof that you can manage credit responsibly. (More on this later.) The credit scoring bureaus will assume that your bankruptcy was an opportunity for you to turn over a new leaf, so they will assign you a better credit score.

No matter when you start to work on your credit score, you will need 12 to 24 months before your score improves. If you start taking intentional steps today, you will have a 720 credit score in 12 to 24 months. If you start taking intentional steps in eight years, you will have a 720 credit score nine or ten years from today.

So start today. What does this look like? Read on.

Step 3:

Opening New Lines of Credit

That's right: In 7 Steps to a 720 Credit Score, you will learn that you should open three new credit cards after declaring bankruptcy.

And you should have an installment line that is reported to the credit bureaus. It might sound strange that after you file for bankruptcy, your bankruptcy attorney tells you to open new lines of credit. Keep this in mind: I am encouraging you to establish *new credit*, but not *new debt*.

Do not — and I repeat — do not take this as license to go out and dig yourself into debt.

This book is about taking the right strategic steps to recover from bankruptcy and establish a better future for yourself and your family. Having debt is not the pathway to a brighter future, so keep in mind that having lines of credit is not the same thing as having debt.

I want you to have a \$0 balance on those credit cards at the end of every month.

So why open new lines of credit if you aren't going to use the credit? In the last chapter, I explained that you need credit to have a good credit score. If you do not have any credit cards or an installment line being reported to the credit-scoring bureaus, they will continue to assign you a bad credit score, even when your bankruptcy falls off your credit report.

Industry insiders know that credit-scoring bureaus give the best credit scores to people who have three credit cards, as well as one installment line — assuming, of course, that they are in good standing. They also know that the secret to recovering through bankruptcy is to establish new lines of credit around the older, bad credit.

So after your bankruptcy, open three new credit cards and an installment line.

This doesn't mean that I expect you to run out and buy a brand new car, nor does it mean that I want you to open new credit cards and buy some gadgets, clothes, and appliances you cannot afford.

In *7 Steps to a 720 Credit Score*, you will learn what credit cards to get and how to get an installment line that reports to the credit bureaus. Unfortunately, as you will learn in the program, 46 percent of credit cards will not help your credit score, nor will many installment lines of credit. Applying for the right credit cards and the right

installment line is critical.

Here are some things to keep in mind:

- You need to open three credit cards **after** your bankruptcy is confirmed (Chapter 13) or discharged (Chapter 7). Credit cards opened before the bankruptcy should not be counted. In *7 Steps to a 720 Credit Score*, you will learn about the best kinds of credit cards for people who have been through a bankruptcy and will help you improve your credit score fastest.
- To get the best credit score, you need to use your credit cards. Inactive credit cards do not help your credit score because they do not give credit-scoring bureaus any proof that you can manage debt. To keep your credit cards active and keep yourself out of debt, charge one thing on your credit card, and then pay your credit card balance in full.
- Installment lines are harder to come by for people who have bad credit. For this reason, 720CreditScore.com has partnered with nationwide finance companies to offer a credit rebuilder installment line that approves 100 percent of clients, regardless of credit scores and jobs. Best of all, this payment will report to the credit bureaus as an installment line of credit. This alone should have a 50- to 100-point impact on your credit score in 12 months.

Step 4:

The Promise of Intentionality

Though exceptions certainly exist, the most common trademark of those faced with an overwhelming amount of debt is a tendency to ignore the situation.

Those who recover through bankruptcy, though, recognize that being intentional about their behavior is a powerful way to move forward.

If you have a problem, and you bury your head in the sand, the problem will only worsen. You already know that when you are late on a payment and do not return collectors' phone calls, the calls only intensify. If, on the other hand, you are intentional about your behavior, the problem will be significantly more manageable.

Let's imagine this situation: You realize you are going to be late on your cell phone payment. A person who is being intentional picks up the phone and calls the cell phone company.

“Hi,” you might say. “I’m going to be about seven days late on paying my cell phone bill. Could you make a note in my file that I will pay it on the fourteenth instead of the seventh?”

This not only stops the phone calls, but it also sends a powerful message to your own brain: *Pay the bill on the fourteenth*. Instead of running from the problem, you are in control of the problem, managing it, and taking proactive steps to keep it from growing out of control.

If you ignore the problem, the days might turn into weeks, which might turn into next month — and suddenly, you have a collection agency hounding you, and your cell phone has been disconnected.

If you want to recover from your bankruptcy, be intentional.

1. After the bankruptcy is complete, list every single one of your bills, and know its due date. Create a spreadsheet, use your favorite app, or write your bills in a notebook. It matters not how you go about listing your bills so long as you list them. Do not allow them to accumulate in a pile on your counter so that you can continue to bury your head in the sand. Be in control of what is coming into your household, and honor your bills — and your financial stability — by acknowledging them.

2. Create a plan for paying your bills. If you know you get paid on the first and the fifteenth, schedule time into your calendar on the first and the fifteenth to pay your bills. This is important because you cannot allow your financial obligations to run away from you. If you decide that you will get to your bills when you get to them, they will probably get out of control. If, on the other hand, you have a time and a space for addressing your bills, you are far more likely to keep them under control.

You can and should use technology to help with your plan. Schedule reminders, use auto-pays, and download your favorite apps to help you with your finances.

3. Now that your bankruptcy has erased your debt, start saving money. Financial crises are part of life. Everyone experiences them, and chances are, you will experience one in the future. Imagine that your car breaks down, and you face unexpected bills. This happens to everyone. If you use your bankruptcy as an opportunity to start saving money, an unforeseen financial expense will not be as big of a deal. Instead, you will be able to mitigate disaster.
4. Educate yourself. Make sure you go through the *7 Steps to a 720 Credit Score* program after your bankruptcy is complete. This will take less than two hours, and you can spread it out over a month or two. You will learn to

adopt new behaviors so that in just 12 or 24 months, you will have a great credit score and qualify for the best interest rates on loans and credit cards.

Step 5:

Communicate Clearly, Directly, and Honestly

Earlier, we talked about whether you should be proactive in disclosing the details of your bankruptcy.

This is a personal choice, and the truth is, most people probably will not find out about your bankruptcy unless you decide to tell them. Your parents and friends probably will not run a background check, so if you do not want them to find out, don't tell them.

Your boss is a different story. If you file Chapter 7 bankruptcy, your boss will probably not find out, unless your wages have been being garnished, in which case your employer will be notified to stop garnishing wages due to the bankruptcy. If you file Chapter 13 bankruptcy, your bankruptcy judge may order your Chapter 13 payments to be automatically deducted from your wages and sent to the bankruptcy court.

This might seem frightening, but keep this in mind:

Many, many people declare bankruptcy. It is a normal thing to do. Depending on the size of your company, your employer has probably already dealt with wage garnishments and bankruptcies. You are probably not the only person in your office who has declared bankruptcy, nor will you be the last.

That said, you should have a plan for disclosing this information in advance.

And what about a future employer? A future employer might pull your credit report before hiring you, another reason for having a plan about disclosing your bankruptcy when necessary.

My advice is that if you know that your boss or a potential employer will find out about your bankruptcy, communicate it directly, succinctly, and upfront.

You might say something like:

“The truth is, I made some choices that weren’t great, so when I had a string of bad luck, my financial load was too much. I want to let you know that I have decided to declare bankruptcy so that I could turn over a new leaf. Obviously, I want to keep this information private, but I wanted you to know about this because you are going to get notified by the courts.”

This is a much more powerful way to explain your bankruptcy to your employer than letting them find out on their own through the courts.

Let's take a look at how this might play out in a job interview. Imagine that you have an interview with a potential employer who tells you that your credit report will be run. You can sweat it and hope that your potential employer doesn't notice all the derogatory marks and the bankruptcy, or you can speak up.

“The truth is, I made some choices that weren't great, so when I had a string of bad luck, my financial load was too much. If you pull my credit report, you are going to see that I declared bankruptcy a couple of years ago. I wanted to tell you that upfront in case you have any questions about it.”

If you are open and honest, and you communicate directly, a potential employer will be shocked, but **not** by the bankruptcy. Whomever is interviewing you has likely seen bad credit reports before, so yours will be nothing new. But your honesty will be a breath of fresh air, and it might even work in your favor!

Conclusion

The truth is: Everyone makes mistakes.

Your parents, your boss, your mentors have all made giant mistakes. They have all experienced setbacks... You probably just don't know about them.

The single biggest difference between those who recover through bankruptcy and those who don't is simply this: Mindset. Those who recover decide to intentionally change their lives. They take charge, are proactive, and become powerful. They learn about personal finance and budgeting. They make changes based on what did not work in the past.

There is no shame in declaring bankruptcy. Your behavior in the past did not work, and that's okay. Now is your chance to move forward, with better habits, and a renewed commitment to taking control of your financial life.

Call me today to set up a free consultation. If bankruptcy is not for you, I'll be the first to tell you.

“ *I have benefited by following this advice. Seven months after my bankruptcy I purchased a Ford F150 with a 9.99% interest rate and the dealer said I could trade it in for a 3% loan in one year. Thank you!*

Gary

“ *I don't know how to thank you for the invaluable information I've learned about rebuilding your life after bankruptcy. My bankruptcy was discharged less than two months ago and I already have a new car!*

Tamara

“ *My bankruptcy was discharged in February 2009. My credit was so bad that my local credit union wouldn't let me open a CHECKING account. After starting the rebuilding process, my credit score improved over 120-points, and I was approved for a \$2,000 unsecured loan and a \$750 unsecured credit card. Next stop... A home mortgage, which I thought would never be possible after my bankruptcy.*

Mardi

“ *In spite of a bankruptcy, my credit score went from 540 to 748. Once my credit score improved... I went to get a new car and got a brand new Mercedes Benz with a payment of only \$20 more than my Ford.*

Jimi



Frances A. Tomes is a shareholder and founding member of the firm Tomes Law Firm, PC. She received her law degree in 1986 after being able to attend college and law school on scholarships while holding down a part time job. Always a strong believer in the American Dream and the rights of the underdog, she works with business clients to lift and grow their business

into a legacy with which they can experience the American Dream and helps defrauded and debt ridden people battle the government, insurance companies, banks, pharmaceutical companies and other big business to obtain the justice they deserve. In the Bankruptcy Court she also handles litigation against creditors and also litigates cases involving individual and class action consumer protection cases. Ms. Tomes received her degree in Business Administration from Pace University with high honors, and her law degree with honors from New York Law School in New York, NY. Before forming this firm in 1993, she was an attorney at Garruto, Galex and Cantor in East Brunswick, NJ, and Subin Associates in New York City.

She is married and has two children who are pursuing the American Dream of an entrepreneur in building their own businesses. In her past time, she loves meeting people, reading about personal and business growth as well as watching ice hockey and soccer, the two sports her children played.

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