

Community Legal Aid

A non-profit law firm serving the legal needs of low-income individuals and families in central northeast Ohio



www.communitylegalaid.org

Bankruptcy Glossary of Terms

NOTICE: This glossary is designed to help you understand the common terms and definitions associated with bankruptcy.. This glossary is not a substitute for the advice of an attorney, and you should not use the information here to make legal decisions.

The terms are presented below in alphabetical order.

- Automatic Stay: This is a court action that automatically stops actions by creditors to collect debt from someone who has declared bankruptcy
- Bank Attachment (Non-Wage Garnishment): This is when the creditor asks the court for permission to use the money in your bank account to pay back your debt
- Bankruptcy Court: Specialized courtrooms to settle all personal and corporate bankruptcy cases
- Bankruptcy Trustee: An independent attorney, not an employee of the court, who is appointed to oversee your bankruptcy case
- Cease Contact Letter: A letter sent to creditors requesting that they stop calling or contacting you to ask about your debt
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Chain of Title: The sequence of transfers of title to any kind of property

- Chapter 7: This kind of bankruptcy includes the bankruptcy trustee gathering and selling the debtor's property to pay their debts.
- Chapter 13: This kind of bankruptcy involves the filing of a plan of repayment, as opposed to selling property to repay debts.
- Collectible: This term refers to items that are allowed to be taken to repay your debt, including cash, cars, and other valuables.
- Commingling Funds: This is when two people have a joint bank account. They both deposit money into the bank account and their funds are mixed or "commingled".
- Cosign: When two people sign with a lender for a loan. Some lenders may ask for or require this, because it adds an additional person for them to collect money from. It reduces the risk the lender takes on when loaning money. This can also be the case for payments on things like cars or housing.
- Consigner: This is the person who signs with you when you are signing for a loan (or something else). See Cosign.
- Consolidation Company: Companies which claim to help you be debt free by combining and reducing your debt. However, these companies are often risky programs or scams in disguise
- Credit Counseling Agency: Organizations that can help you by advising you on your money and debt, helping you with a budget, or offering money management classes.
- Credit Counseling Course: A court mandated class which is meant to help adviser you on budgeting and money
- Creditor: A person or company that are owed money
- Credit Report: A statement that has information about your credit activity, including your history of paying loans and the status of your accounts

- Debt Buyer: A company or private investor that purchases debts from creditors or lenders for a percentage of the value of the debt
- Debt Collection Agency: A company used by lenders or creditors to get debts that are past due or get money from accounts that are in default.
- Discharge of Debts: When bankruptcy wipes out and eliminates your debt. This means your debt is gone and you do not have to repay it.
- Leverage: Using borrowed funds to buy something. This is common with credit cards or loans.
- Lien: The right to keep property that belongs to someone else until the debt owed by that person is paid
- Mortgage: A secured debt, backed by your home, that you are required to pay back in a predetermined set of payments
- Original Creditor: The person to whom your original debt is owed
- Secured Debts: A form of debt that is backed by something (could be your home, car, or other valuable possessions). If you default on the loan repayment, the bank can seize what you used to back the loan and sell it to pay back your debt.
- Repossession: When someone (or a company) you owe money to takes your property because you haven't been paying your debts. For example: If you don't make your car payment, the company or person who sold it to you can "repossess" it and take it back.
- Uncollectible: This refers to items or cash which cannot be taken to repay a debt. The opposite of collectible
- Wage Garnishment: When creditors take money out of your wages to cover or repay your debts

