

BANKRUPTCY CHECKLIST

Buyer's Previous Bankruptcy

I. Can a debtor in bankruptcy purchase property?

Maybe. However, this should be referred to underwriting counsel. We want to satisfy ourselves that property is not being acquired with money that should have been included in the bankruptcy.

II. Abstract of Judgment recorded before buyer's previous bankruptcy.

A discharge of a "dischargeable" judgment prevents the judgment lien from attaching to future property acquired by the debtor.

We need to verify that the following happened in the bankruptcy case:

1. The debtor received a discharge and
2. The judgment was listed and
3. The creditor was given notice and
4. There is no objection by the creditor and
5. The discharge has not been not revoked,

The discharge, alone, tells us nothing since it only states that "dischargeable debts" are discharged. Some debts are not dischargeable, such as debts that are not listed, debts based on malicious conduct, support judgments, etc. We need to review "the usual" court documents:

1. BK Petition,
2. Schedules (attached to the petition),
3. Docket.