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**Discharge in Bankruptcy**

The Bankruptcy Court issues **Discharges** in bankruptcy. The Discharge cancels the legal obligation to pay most, if not all, debts. Some debts are **not** Discharged. We have provided you detailed written information and discussed these debts with you at length. Such debts include:

- Most but Not All Taxes;
- Student Loans with very limited exceptions;
- Fines and Penalties Ordered by a Court;
- Child Support Ordered by a Court;
- Alimony for Support Ordered by a Court;
- Certain Debts found to be Non Dischargeable; and
- Debts You Agree to Reaffirm.

**Occasionally a Debtor will want to pay a Creditor after the bankruptcy; this is known as *Reaffirming* a debt. If you reaffirm a debt, the obligation survives your Discharge and you must pay the debt as if you had never filed for bankruptcy.**

**Reasons to NOT Reaffirm**

You should be very cautious in reaffirming a debt. Once the Discharge is granted, you should be relatively free of indebtedness. If you Reaffirm and you later become unable to pay the debt by sickness or unemployment, the creditor can sue you (again) and you may begin to have some of the same problems you had before you filed for bankruptcy.

**Under the old bankruptcy law it was not necessary to reaffirm if you were current on the debt. That has changed. Under the new bankruptcy law a creditor may seek to recover their collateral even though you are current and have never missed a payment. If the bank asks you to reaffirm, you may want to do that or risk losing the collateral. Nevertheless you should not reaffirm without serious thought.**

If you reaffirm and later become unable to pay the debt to the bank, the bank repossess the collateral or automobile that you pledged as security for the loan **and seek a deficiency against you regardless of the bankruptcy.**

**Reasons to Reaffirm**

There are a number of situations in which reaffirming a debt is advisable.

If you live in a small town with only one doctor, any debt you owe to the doctor will be discharged in your bankruptcy. However, the doctor is not obligated to provide care to you in the future.

If the doctor's bill is modest or if the need of you or one of your dependents for the doctor's care is great, then it makes sense to consider Reaffirming with the doctor. **Remember, if you reaffirm this will require you to pay the debt regardless of what happens in the future.**

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**If you owe a bank money on an automobile that you wish to keep, even though you have never been late with a payment, the bank can recover the vehicle unless you reaffirm.**

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**Mitchell & DeClerck,**  
**PLLC**  
Attorneys at Law  
202 West Broadway  
Enid, Oklahoma 73701  
Phone: (580) 234-5144  
Toll Free: (800) 287-5144  
Facsimile: (580) 234-8890  
Email: ldl@mdpllc.com

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Another valid reason to Reaffirm: If you have a credit card with a small balance and you want to continue to use that credit card. Many times a credit card company will allow you to continue to use the card if you will Reaffirm the debt to them. It is difficult to travel without a credit card. You need one to make a reservation at a hotel or to obtain a rental car. A credit card, if the debt is small, can also be of help to you in re-establishing your credit.

Another example: A note on an automobile with a local bank. Many small banks or loan institutions are not particularly accommodating and sometimes downright unhappy with the customer — even though the customer continues to pay them what they are owed — without a reaffirmation agreement if the customer does not formally Reaffirm the debt.

**If you have a small bank and a good relationship with the banker, then it may make good sense to formally Reaffirm the debt. Again this will help you to restore your credit over time.**

## Reaffirmation Agreement

Reaffirmation must be done in writing before your Discharge and requires your signature, the signature of the creditor as well as the approval of your lawyer. Your lawyer must analyze the Reaffirmation Agreements and be satisfied it is in your best interest before he approves the Reaffirmation Agreement. Occasionally, a lawyer will refuse to do this because he believes the Reaffirmation will be harmful to you.

## Rescission of the Agreement

You may rescind (change your mind) the Reaffirmation Agreement any time prior to Discharge or within 60 days after such agreement is filed with the Court, whichever occurs later or within 30 days of your Discharge. This is clearly something that will be expensive to you and certainly you should satisfy yourself as strongly as possible that this is not something you want to do *before* you reaffirm the debt.

## The Author

**Larry D. Lahman**, the author of this publication, was born in Carmen, Oklahoma. He attended Northwestern Oklahoma State University receiving a Bachelor of Science in Chemistry, Mathematics and Physics in 1965.

Lahman subsequently attended graduate school at OSU and later received a Juris Doctorate Degree from the OU Law School. He is admitted to practice before all state and local federal courts including the United States Supreme Court.

Lahman served as President of the Garfield County Bar Association and other organizations. He was a parachute officer with the U.S. Army Special Forces – the Green Berets – in Vietnam and retired as a Lieutenant Colonel in the Army Reserves.

**Caveat:**  
This brochure is  
designed to give  
general advice only.  
Specific Questions  
should be directed  
to your Lawyer.