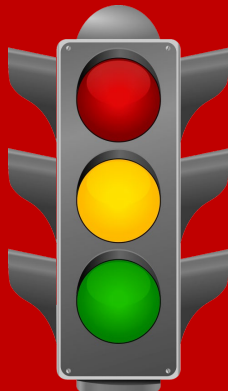


STOP! STOP! STOP!

Making Sense of the Automatic Stay



ALERT: Before filing a bankruptcy case, speak with an experienced bankruptcy attorney to determine what protections you will have under the **automatic stay**.



What is the automatic stay?

The **automatic stay**, provided for by 11 U.S.C. § 362, stops most collection efforts against the debtor at the time a voluntary petition is filed. It goes into effect the moment a voluntary petition is filed and creditors are notified that the **automatic stay** is in effect. Once creditors have notice of the bankruptcy case, they must comply with the “**automatic stay**.” Creditors are then prohibited from taking further steps to collect pre-petition debts. Pre-petition debts are those debts incurred prior to the filing of a voluntary petition.



How does the automatic stay benefit me?

- The **automatic stay** allows you to consolidate collection efforts of all pre-petition debts into a single proceeding in the Bankruptcy Court, instead of having to settle each debt individually.
- Creditors can no longer call you or send you letters in an attempt to collect debts, and any wage garnishments must stop. If creditors continue to contact you after the **automatic stay** has gone into effect, you can alert the Bankruptcy Court of this violation. The creditor may be subject to discipline for a violation or repeated violations of the **automatic stay**.



Will I always have the benefit of the automatic stay?

The **automatic stay** is a great benefit when used for the correct purpose. There are provisions in the Bankruptcy Code to discourage repeated filings, or “serial filings.” There are some circumstances where the protections offered by the **automatic stay** are limited or can even be denied.

- The **automatic stay** is limited to only **30** days if you had a pending bankruptcy case within a year of the current case. In this situation, you can file a Motion to Extend the Stay detailing why the stay should be extended. If the prior case was dismissed more than a year before the current bankruptcy proceeding began, the 30-day restriction does not apply, even if the prior case was still open within a year of the most recent filing.
- If a debtor has **two cases** pending within a year before the most recent case is filed, the **automatic stay** will not go into effect.

