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The Second Chance Act: How to Protect Your Primary Residence in Insolvency Situations

SECOND CHANCE LAW

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Preserving Your Home Through a Payment Plan

The reform of the Second Chance Act allows debtors to keep their primary residence if they submit and comply with a payment plan approved by the judge. This plan must be viable and ensure the payment of both dischargeable and non-dischargeable debts, such as the mortgage.

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Excluding the Home from Liquidation

In certain cases, the primary residence may be excluded from the liquidation of active assets. This is possible if:

The sale of the home does not fully cover the mortgage debt.
The value of the mortgage guarantee exceeds the property's fair value.
The debtor is current on mortgage payments.

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Enhanced Legal Protection

The 2022 reform has strengthened debtor protections, offering more opportunities to retain their primary residence. This provides greater security and stability to individuals facing insolvency, giving them a real second chance to rebuild their financial lives.

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The Importance of Legal Advice

Navigating the Second Chance Act can be complex, making specialized legal advice essential. An attorney can help debtors choose the best debt discharge option and ensure all legal requirements are met.

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