

What Happens To Co-Signers When You File For Bankruptcy?



Co-signers, often friends or family, agree to take on the responsibility for a loan if the primary borrower cannot pay. It's a generous act, but also one filled with risk. When financial hardship strikes and you need to file for bankruptcy, many people worry: "What will happen to my co-signer?" The good news is that working with a **bankruptcy lawyer near me** can help you understand your legal options and protect your relationships as well as your finances.

Types of Debts That Involve Co-Signers

Co-signers are common on car loans, private student loans, and sometimes personal loans or credit cards. In the eyes of the lender, both parties are equally responsible. So if you file bankruptcy, the lender may shift collection efforts to your co-signer unless legal steps are taken to prevent that.

Chapter 7 & Co-Signer Liability

In Chapter 7 bankruptcy, your obligation to repay the loan may be discharged. However, this does not eliminate your co-signer's obligation. Once you file, creditors can no longer pursue you but they may immediately begin contacting your co-signer for repayment. This is one of the biggest reasons to speak with a **bankruptcy lawyer near me** before filing.

If you don't want your co-signer to be affected, you may consider reaffirming the debt (agreeing to continue paying it). But reaffirmation carries risks, so your lawyer will explain whether it's wise in your case.

Chapter 13 Offers Co-Signer Protection

Chapter 13 includes a co-debtor stay, which temporarily protects your co-signer from collection actions as long as you continue making payments under your court-approved repayment plan. This makes Chapter 13 a popular option for those who want to repay a co-signed debt and avoid damaging someone else's credit or finances.

Your **bankruptcy lawyer near me** can help you decide if this chapter fits your goals, especially if preserving relationships is a top priority.

Communication Is Key

If a co-signer is involved in any of your debts, be honest with them before filing. Surprises can damage trust. Let them know that you're taking legal steps to resolve your situation and that you're working with a lawyer to minimize the impact on them whenever possible.

Rebuilding Together

Once your bankruptcy is complete, you can begin rebuilding your credit and finances. You'll likely qualify for credit offers within a year of discharge. Many clients are also able to re-establish co-signer trust in the future by making consistent payments and using credit wisely.

Member Spotlight

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When dealing with shared debts, consulting a **bankruptcy lawyer near me** can make a crucial difference in protecting your co-signer from unexpected legal consequences. Chapter 13 bankruptcy may offer co-debtor protections not available in Chapter 7, and a skilled attorney can help you decide which path meets both your financial goals and your personal values. Whether you need to reaffirm a debt or develop a payment plan, local legal guidance ensures you understand the impact of bankruptcy on every party involved.

