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| **Recovering from bankruptcy** |
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| Every year more than 1.5 million Americans file for bankruptcy for a variety of reasons. While bankruptcy has many negative effects, it does offer people with devastated finances a fresh start. While most bankruptcies remain on your [credit report](https://www.truecredit.com/orderOrigination?op=Improve:Body&product=MergeWithScore&addProfiler=true&addBPA=true&showSpecials=true) for 7-10 years, there are several things you can do to start re-establishing your credit after filing. |
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| |  |  |  | | --- | --- | --- | | clear | • | Before you start to rebuild your credit you should clear your [credit report](https://www.truecredit.com/orderOrigination?op=Improve:Body&product=MergeWithScore&addProfiler=true&addBPA=true&showSpecials=true) of errors. Check that your credit reports from TransUnion, Equifax and Experian have accurately recorded your pre-bankruptcy debts as “Included in BK.” Under the Fair Credit Reporting Act, you have the right to dispute inaccuracies. | | clear | clear | clear | | clear | • | After clearing out any errors in your [credit reports](https://www.truecredit.com/orderOrigination?op=Improve:Body&product=MergeWithScore&addProfiler=true&addBPA=true&showSpecials=true) it is best to slowly rebuild your credit history. Keep your employment stable, be cautious with spending and pay all your bills on time. | | clear | clear | clear | | clear | • | You may want to apply for a secured credit card that can be used in moderation and paid off each month. Secured credit cards use your savings account as collateral for the credit limit and are easier to be approved for than a standard credit card. | | clear | clear | clear | | clear | • | As early as 1-2 years after bankruptcy you may be able to receive a home loan. The Federal Housing Administration (FHA) and Department of Veteran Affairs (VA) have specific guidelines for accepting borrowers who have filed for bankruptcy. For example, the FHA will insure mortgages to individuals who have filed Chapter 7 liquidation bankruptcy two years after the discharge if "the borrower has reestablished good credit (or has chosen not to incur new credit obligations), and has demonstrated an ability to manage financial affairs." | | clear | clear | clear | | clear | • | You may want to make contact with a U.S. Department of Housing and Urban Development (HUD) approved housing counselor or local support program for advice and assistance with purchasing a home. Unfair lenders can sometimes target people recovering from bankruptcy so be sure to research your loan options, know your rights and read the small print. | | clear | clear | clear | | clear | • | After 7 years, the accounts that were marked as “included in BK” should be removed from your [credit report](https://www.truecredit.com/orderOrigination?op=Improve:Body&product=MergeWithScore&addProfiler=true&addBPA=true&showSpecials=true). The bankruptcy record itself will be removed after 7-10 years depending on the chapter that you filed. If your records are not removed by the credit reporting agencies automatically, you can send a letter of dispute to have the records taken off your report. | |