

Bankruptcy is a proceeding in federal court that is initiated by an individual or company when the individual or company is unable to pay its debts. During the bankruptcy proceeding the court administers the property and assets of the debtor, the individual or company whom is unable to pay its debts, for the benefit of the creditors, those to whom the debtor owes money to. Depending on type of bankruptcy the debtor qualifies for, the court will either liquidate the debts or attempt to develop a reorganization plan for the repayment of the debt.

Bankruptcy is one way of dealing with debts you cannot pay

Our Firm specializes in bankruptcy proceedings for individual debtors. Individual debtors depending on the requirements of the bankruptcy laws will either qualify for a Chapter 7 or Chapter 13 bankruptcy. A Chapter 7 bankruptcy is a liquidation of the debts and is often referred to as a fresh start bankruptcy. During a Chapter 7 bankruptcy the unsecured debts i.e. credit cards, money judgments, deficiency on foreclosures, etc. are discharged. Additionally, the law permits the debtor to keep a certain amount of property in a Chapter 7 known as exempt property.

Chapter 13 Bankruptcy Basics

A Chapter 13 bankruptcy is a reorganization bankruptcy. In a Chapter 13 the debtor usually has disposable monthly income for the repayment of the debts owed. Thus, the debt owed by the debtor is reorganized by the court into a repayment plan in which the debt is repaid over a period of up to sixty months i.e. five years.