

The Bankruptcy Code Makes Several Options Available

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While there are many options available to consumers before considering bankruptcy, there are also many options for bankruptcy as well. Counselors from AICCCA member agencies can provide a thorough review and recommend the best options available for a consumer facing serious debt issues. It is always advisable to consult an AICCCA Counselor before making a final decision about which option to take.

Most consumers don't really have a good knowledge about how the bankruptcy system works. Here are some basics:

Chapter 7 of the Bankruptcy Code is available to both individual and business debtors. Its purpose is to achieve a fair distribution to creditors of the debtor's available non-exempt property. Unsecured debts not reaffirmed are discharged, providing a fresh financial start.

Chapter 11 of the Bankruptcy Code is available for both business and consumer debtors. Its purpose is to rehabilitate a business as a going concern or reorganize an individual's finances through a court-approved reorganization plan.

Chapter 12 of the Bankruptcy Code is designed to give special debt relief to a family farmer with regular income from farming.

Chapter 13 of the Bankruptcy Code is available for an individual with regular income whose debts do not exceed specific amounts; it is typically used to budget some of the debtor's future earnings under a plan through which unsecured creditors are paid in whole or in part.

Each of these Chapters of the Bankruptcy Code has its place but each situation is unique. A Certified Counselor can usually provide the best range of options available to a debtor.