

Is filing bankruptcy the easy way out?

In today's times most people are chained with the shackles of debts that they owe around their necks. In the good old days not many people would be at ease with taking a loan and becoming in debt for the rest of your lives but today most people owe money to some creditors or lenders through out their lives.

Often times people fall into a situation where they find themselves unable to pay back the periodic repayments. So much so that they fear they are going to face a foreclosure in some cases and bankruptcy in others.

Some how or the other people have become of the notion that if they file for bankruptcy they can get all the debts off of their back. However this is not actually the case and bankruptcy is not the easy way out for your financial problems.

The Bankruptcy Abuse Prevention and Consumer Protection Act 2005 reinforces some of the lenient laws that existed during previous years and have replaced them with more stringent ones that are aimed at preventing people from using bankruptcy as an excuse to get the burdens of debts over their shoulders.

How can you file bankruptcy?

You can only file for bankruptcy when you have been legally rendered unable to pay your debts. Although you may have seen lots of advertisements promoting the use of bankruptcy as a means to relieving yourselves of the debt that you are in the truth of the matter is that it is only easy for your lawyer. This is because he will be done with you in a matter of days whereas you will be left filing for 7-10 years.

If you are of the perception that bankruptcy is your quick fix solution then it is high time that you get rid of this attitude. Be informed that bankruptcy can only be declared by those people who have lost all chances of ever being able to pay back the money that they owe.

Other case where bankruptcy may be applicable is when the debt load on an individual becomes unmanageable. In this case he will file for bankruptcy in order to restructure the debt load.

Chapter 7 & Chapter 13 Bankruptcy

If you are eligible to file for chapter 7 bankruptcy then you have the chance to get all your unsecured debts off your back. If you have some sort of secured debt or court ordered debt then you will not be able to escape your responsibility under this act.

On the other hand Chapter 13 Bankruptcy is something that will stop your payments at once and restructure your debt load in order to make it more manageable. This is why it is also referred to as the Wage Earners Plan. Through this act the debtor has the chance to renegotiate his deal with the creditor who is then forced to remodel the deal so as to enable the debtor to recover.

About the Author

Through the internet you will be able to find adequate information regarding [bankruptcy](#). Search for particular chapters like [Chapter 7 bankruptcy](#) and other methods of [debt consolidation](#).

Source: <http://www.pecfest.org>