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# **Can Debtors Afford Bankruptcy? Finding Low-Cost Bankruptcy**

There appears palpably in the air, one ominous additional burden for the average closely indebted American debtor and shopper in at present's dire national economic circumstances who could perhaps see his only recourse for some relief, in filing chapter: finding low-cost bankruptcy, finding low-cost bankruptcy that you could afford. Which means, in essence, a non-lawyer pro se alternative.

The latest figures simply launched by the Administrative Office of the U.S. Bankruptcy Courts on the February 2009 chapter filings, made one very important actuality crystal clear to almost each one, particularly, that the speed at which the more and more overburdened and restive American debtors (both people and companies) are submitting for chapter, is at its highest levels because the now-famous (or infamous, many would say!) draconian changes of 2005 to the U.S. bankruptcy law. However, much more significantly, that the brand new filing charge is ominously beginning to return to the outdated "hated" excessive bankruptcy filing levels that the nation had reached before that new legislation was handed in 2005, supposedly meant to correct and drastically curtail or reverse the then pre-present excessive filing levels.

This latest pattern in American debtor chapter filings strongly underscores a number of fundamental points, among others. First, the depth and gravity of the financial straights and difficulties in which the common American client and debtor is in today. Second, the reality that, irrespective of how tough a legal hurdle and obstacle the institutional powers that be (the Congress, the legal professionals, or the monetary institutions, the courts, and many others) might try to place on the trail of the American debtors to try discouraging or making it harder for them in in search of the bankruptcy relief from their debt burdens, when it really comes time of dire monetary and economic crunch, People will one way or the other nonetheless find a approach, and will still persevere and persist even in opposition to all odds, in demanding their constitutional rights to be heard in chapter; and thirdly, the vital necessity, for the typical debtor, for finding low-price chapter filing options to lawyer.

Elizabeth Warren, a Harvard Law Faculty professor and author of a number of books on bankruptcy, most likely sums up the purpose best this manner, alluding to the persuasion of the Congress by various particular interests to cross the 2005 law that restricted debtors from filing for chapter: "The credit score business [and different vested interests] did its finest to drive up the cost of submitting [for bankruptcy]. However when households are in sufficient bother, they'll fight their method by way of the paper ticket and better attorneys' charges to get assist," adding that "The phrase is now leaking out [once again] that the chapter courts are open for business."

#### THE "UNOFFICIALLY BANKRUPT DEBTORS" - DEBTORS WHO CAN'T FILE BECAUSE THEY CAN'T AFFORD IT

But, even most significantly than that, from the standpoint of the common chapter-seeker today, this raises one fundamental questions, however. Namely, simply how do the present growing military of increasingly despairing American debtors who not only search to file for private or business bankruptcy, however in a substantial amount of circumstances, truly NEED to file one, AFFORD to file bankruptcy - specifically, the high lawyers' legal cost of filing for chapter? How do these debtors get or find low-price bankruptcy? A chapter that debtors can moderately afford?

Some 1.1 million (1,064,000) American debtors filed for bankruptcy this past 2008 year - filings which, many analysts are fast to remind us, were carried out by these debtors in spite of, and beneath robust circumstances of, a complete host of stringent, restrictive necessities and drastically elevated authorized charges imposed by the 2005 law. But, much more important, from the stand level of the debtor or bankruptcy-seeker, is another closely related FACT: that, worse nonetheless, in keeping with experts, THERE'S NEARLY AS MANY AMERICAN DEBTORS MORE who needed to file for bankruptcy and are eligible, but couldn't, because they merely could not AFFORD the attorneys' legal fees. These are debtors who Justin Harelik, a bankruptcy lawyer with Worth Legislation in Los Angeles, name the "unofficially bankrupt debtors" - debtors who are all but bankrupt but only lack the legal professionals' hefty price to make their status official!

#### YEARLY NUMBER OF BANKRUPTCY FILINGS SINCE 1998

Source: [creditslips.org](http://creditslips.org)

Year.....Bankruptcy..... Filings..... Source & Notes

1998.....1,442,543.....AO data.....(Workplace of U.S. Courts)  
1999.....1,319,465.....AO knowledge  
2000.....1,253,444.....A.O data  
2001.....1,492-129.....AO knowledge  
2002.....1,577,561.....AO data  
2003.....1,589,383.....AO information  
2004.....1,597,462.....AO data  
2005.....2,078,415.....AO data.....contains spike in filings earlier than 2005 bkr. legislation  
2006.....590,544.....AACER data...(Automated Entry to Court Information)  
2007.....826,665.....AA.CER knowledge  
2008.....1,064,000.....AACER data

## EVEN THE LAWYERS AGREE, THEIR BIG FEES IS A PROBLEM WITH DEBTORS

In deed, though many chapter attorneys would quite that it's shaded, many different lawyers, themselves, objectively acknowledge that the attorneys' legal fees for bankruptcy is a principal frequent issue and concern to debtors and purchasers in chapter law practice.

"You have to pay the Chapter 7 authorized fees upfront in cash. You might be too poor to go bankrupt," is how Professor Robert M. Lawless of the College of Illinois Faculty of Law as soon as put it.

One other observer, Jenny C. McCune, a contributing editor at Bankrate.com, notes that reasonably astoundingly, we have now come to the purpose where a debtor could must "finance bankruptcy filing," provides: "It may sound like a Catch-22...you haven't any cash so you're filing for bankruptcy, however you want [legal fee] money so you may file for bankruptcy."

Janathan Ginsburg, bankruptcy legal professional, Atlanta, Ga., explains that in phone conversations he typically has with callers dealing with extreme monetary crises who're pondering attainable chapter, after their preliminary query which is commonly basic in nature, "The following query I get has to do with fees: 'If I've no money, how am I alleged to pay for a lawyer?'"

Bankruptcy legal professionals, schooled within the artwork of argumentation and the protection of even the clearly indefensible, particularly when it facilities on the protection of a lucrative means of making a residing, would often plunge into what, in essence, are really deep philosophical arguments in justification of the high charges they cost - it is actually nonetheless a "cut price" for debtors, contemplating the much bigger sums they stand to discharge in chapter; if a debtor is "actually" hard pressed sufficient by his debt burden and is "critical" about freeing himself of it, he'll by some means discover a manner; a debtor, if he is actually "severe," can at all times find the lawyer's charges somewhere by, say, withholding the payments he would have had to make to different collectors and then utilizing it to pay the lawyer to free him of the larger debt burden, etc., etc. It's a complex net of arguments that would have to wait for an additional day to address. But, for our present quick purposes on this article, the related concern is crystal clear. The purpose, clearly, is that for the common American debtor immediately, already reeling from the excessive debt burden which is the prime object he's out making an attempt to address by bankruptcy filing, the average lawyer's fee for bankruptcy (some \$2,000 or more for the best Chapter 7 bankruptcy, and \$four,500+ for its Chapter 13 counterpart) is excessive, in deed even exorbitant, and often is just plain beyond his means - briefly, simply UNAFFORDABLE.

## LAWYERS' FEES HAVE "PRICED OUT" A LOT OF DEBTORS

Seems that the chapter attorneys, by greed and monopolistic instinct, are progressively pricing themselves out of the non-public bankruptcy filing enterprise, that the one real looking various now left to the tried, appears to be a non-lawyer low-value bankruptcy.

"Surveys have proven that many attorneys have doubled their fees to cope with new requirements imposed by the BAPCPA of 2005. Many hundreds of debtors have subsequently been priced out of lawyer representation of their bankruptcies," asserts Stephen Elias, a California lawyer and bankruptcy specialist and creator of a number of

books on the subject. "Due to rules governing the practice of legislation, the one authorized various to attorney illustration is self representation... chapter petition preparers can help with your paperwork."

The purpose then is crystal clear. The elemental process at hand this very minute within the discipline of bankruptcy, is devising a reputable system that's low-value for filing chapter, which is easy, straightforward, and readily accessible, and is, above all, AFFORDABLE to most debtors who legitimately search or want bankruptcy and are qualified and eligible to file under the eligibility rules. It is, in spite of everything, no "gift" or some type of "favor" being meted out by "the regulation," or some sort of mercy-peddling do-gooders of the legal establishment. But, a direct sacred right and present of the American Constitution.

It's a job which confronts us all, particularly the chapter constituency and the bankruptcy trade powers-that-be who control the present chapter system - the monetary and credit industry, the courts, the Congress, however together with personal entrepreneurs and ideas persons who can provide you with new or fresh concepts about the right way to repair the current broken private bankruptcy system, and sure, the present bankruptcy attorneys and bar, and others.

However, of extra immediacy and urgency in the intervening time, however, while we await such a new system to be designed by the accountable parties, certified American entrepreneurs, institutions and entities who're able, must be free to provide you with practical and effective methods and methods - alternate options to the present wholly poor and insufficient lawyer-managed chapter system - that actually allow respectable chapter seekers to exercise their legit constitutional proper to hunt the bankruptcy aid choice when and if needed - merely, accessibly, and AFFORDABLY. In sum, America, both the public as well as non-public sector, should quick put together for, devise, and implement, a drastically completely different but effective bankruptcy filing system that provides the present million plus per 12 months and the upcoming additional thousands and thousands of chapter filers who might be coming into the bankruptcy submitting pipeline per 12 months, a genuinely affordable means for them to file for chapter - the 1.4 million American filers (or more) which might be expected to hunt the chapter relief in 2009 calendar yr alone, and beyond.

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