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Should I Consider Chapter 13 Or Chapter 7 Bankruptcy?

CH 13 presents men and women a number of advantages over liquidation under chapter 7. Probably most markedly, chapter 13 provides people a chance to protect their homes from foreclosure. By filing under this chapter, men and women can stop foreclosure proceedings and may fix over due mortgage payments over time.

Nevertheless, they have to still make all mortgage payments that come due during the chapter 13 plan when they're due. Another benefit of chapter 13 is that it allows individuals to reschedule secured debts (other than a mortgage for their primary residence) and extend them over the life of the chapter 13 bankruptcy plan. Doing this may lower the payments.

CH 13 also has a special provision that guards third parties who are accountable to the debtor on "consumer debts." This provision could shield co-signers. Lastly, chap 13 acts like a consolidation loan under which the individual makes the plan payments to a chapter 13 bankruptcy trustee who then directs payments to creditors. Individuals will have no one on one contact with creditors while under chapter 13 bankruptcy protection.

Virtually any individual, even if self-employed or operating an unincorporated business, is eligible for chap 13 assistance as long as the individual's unsecured debts are less than \$360,475 and secured debts are less than \$1,081,400. These sums are modified periodically to echo changes in the consumer price index. A corporation or partnership may not be a chapter 13 bankruptcy debtor.

An individual are not able to file under chapter 13 or any other chapter if, during the preceding 180 days, an earlier bankruptcy petition was dismissed due to the debtor's willful failure to appear before the court or conform with orders of the court or was voluntarily dismissed after creditors sought relief from the bankruptcy court to recover property upon which they hold liens. Moreover, no individual may be a debtor under chapter 13 bankruptcy or any chapter of the Bankruptcy Code unless he or she has, within 180 days prior to filing, received credit counseling from an authorized credit counseling agency either in an individual or group briefing. There are exceptions in emergency situations or where the U.S. trustee (or bankruptcy administrator) has decided that there are inadequate authorized agencies to offer the required counseling. If a debt management plan is created during necessary credit counseling, it has to be filed with the court.

If you're considering bankruptcy, talk to a local [MA Chapter 7 law firm](#) about your options. An experienced [MA Chapter 7 law firm](#) can provide you with which options are right for you.