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How To Claim Bankruptcy Today

One should always first consider alternatives to bankruptcy.

The 2005 Bankruptcy Abuse Prevention and Consumer Protection Act brought in legislation making it compulsory for an individual to obtain credit counselling within 180 days of filing for bankruptcy.

This counselling is intended to make the individual aware of alternatives to filing for bankruptcy.

The most common bankruptcy types are what are referred to as chapter 7 and chapter 13 bankruptcy.

Chapter 7 bankruptcy involves the selling of almost all of one's personal possessions, but despite this, it is the most popular option.

Should any debt still exist after selling all relevant possessions, this is cancelled, allowing a completely clean slate - however, some debt, such as tax, cannot be written off.

If an individual does not want to be forced to sell all their assets, chapter 13 bankruptcy removes this need altogether, by putting in place a repayment plan, debts being paid in full over a 3 - 5 year period.

The changes brought in in the 2005 legislation means that all applicants for chapter 7 bankruptcy have to undergo a means test, to ensure that they genuinely cannot work out a repayment plan.

Given the complexities of filing for bankruptcy, including deciding the best type of bankruptcy to apply for and filling in the initial legal means test, a lawyer is essential.

Also, once a lawyer is acting for you, "automatic stay" comes into effect. This means that creditors can no longer approach you for money. All creditors have to deal through your lawyer.

You will be required to draw up a list of debtors and a list of your assets. These will be reviewed at the meeting of creditors (what's called a "341 Meeting"). where you have to answer a series of questions on oath.

In a chapter 7 case, the court decides whether there are assets that can be sold to pay creditors. Once these assets are sold and the money distributed amongst the creditors, any outstanding debts are wiped out.

If, after the means test, it is shown that an individual is in a position where full repayment of debt can be made over a 3- 5 year period, a chapter 13 filing is made and a repayment plan introduced.

60 days after the 341 meeting, your creditors can challenge the discharge or aspects of it. If no petitions are received by the court, a notice of discharge of debt will follow within a few days under chapter 7. In the case of a chapter 13 filing, notice of discharge is issued 30 - 60 days after the repayment plan has been completed, and verified by the court.

If you are contemplating [how to claim bankruptcy](#), I strongly advise that you visit www.howtoclaimbankruptcy.net for more free information, including advice on how to rebuild your credit score after bankruptcy has been discharged. Check here for free reprint licence: [How To Claim Bankruptcy Today](#)